

Corporate Social Responsibility in the Chilean Salmon Industry

Institutional Foundations and Other Explanatory Factors

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Table of Contents

TABLE OF CONTENTS	III
ACKNOWLEDGEMENTS	VI
LIST OF ABBREVIATIONS.....	VII
MAP OF CHILE.....	VIII
1. INTRODUCTION.....	1
1.1 RESEARCH QUESTIONS AND AIMS OF THE STUDY	2
1.2 CORPORATE SOCIAL RESPONSIBILITY	3
1.2.1 <i>The Relativity of CSR</i>	4
1.2.2 <i>CSR Indicators – Environment and Labour</i>	5
1.3 METHODOLOGY AND THEORETICAL PERSPECTIVES	5
1.4 TNCs – FROM WHERE DO THEY GET THEIR IDENTITIES?.....	6
2. THEORETICAL PERSPECTIVES	10
2.1 INTRODUCTION	10
2.2 BACKGROUND FOR THE CHOICE OF THEORY	11
2.3 IS A COMPANY AN INSTITUTION?	12
2.4 THE RATIONAL ORGANIZATION PERSPECTIVE	13
2.4.1 <i>Decision Making and the “Logic of Consequence”</i>	13
2.5 THE NORMATIVE INSTITUTIONAL ORGANIZATION PERSPECTIVE	14
2.5.1 <i>Decision Making and the “Logic of Appropriateness”</i>	15
2.5.2 <i>Two Actor Levels – External and Internal</i>	16
2.6 MY CASE SEEN IN A RATIONAL CHOICE PERSPECTIVE.....	16
2.7 MY CASE SEEN IN A NORMATIVE INSTITUTIONAL PERSPECTIVE.....	18
2.7.1 <i>External Level</i>	18
2.7.2 <i>Internal Level</i>	20
2.8 CONCLUDING REMARKS.....	20
3. METHODOLOGICAL REFLECTIONS AND NOTES ON FIELDWORK.....	22
3.1 VALIDITY AND RELIABILITY	23
3.2 PRIMARY SOURCES	23
3.3 SECONDARY SOURCES	24
3.4 A NOTE ON THE SELECTION OF COMPANIES	24
3.5 REFLECTIONS ON FIELDWORK.....	25
3.6 AN INTERDISCIPLINARY STUDY	26

4.	BACKGROUND: CHILE, NORWAY AND SALMON	28
4.1	INTRODUCTION	28
4.2	CHILE – HISTORICAL AND INSTITUTIONAL CONTEXT	28
4.2.1	<i>The Neo-Liberal Economic Model</i>	29
4.2.2	<i>The Legacy of the Military Regime - Environment</i>	31
4.2.3	<i>The Legacy of the Military Regime – Labour</i>	32
4.2.4	<i>Chilean Management Tradition and CSR</i>	33
4.3	NORWEGIAN SOCIETY, MANAGEMENT- AND CSR TRADITION	34
4.3.1	<i>The Regulatory Role of the State</i>	35
4.3.2	<i>The Scandinavian Management Model and its Values</i>	36
4.3.3	<i>The Norwegian CSR Debate</i>	36
4.4	THE SALMON INDUSTRY IN CHILE	38
4.4.1	<i>Origins</i>	38
4.4.2	<i>The Salmon Industry – a Cluster</i>	39
4.4.3	<i>The Role of the Chilean Authorities</i>	40
4.4.4	<i>Benefits and Externalities from the Salmon Industry</i>	43
5.	CHILEAN SALMON INDUSTRY AND CSR	47
5.1	INTRODUCTION	47
5.2	COMMON CSR INITIATIVES IN THE CHILEAN SALMON INDUSTRY	47
5.2.1	<i>The Clean Production Agreement</i>	48
5.2.2	<i>SIGES</i>	48
5.2.3	<i>Global and Local Certifications</i>	49
5.2.4	<i>Implementation of New Technologies</i>	49
5.2.5	<i>Complementary Welfare Benefits</i>	50
5.3	THE COMPANIES IN THE STUDY	51
5.3.1	<i>Aguas Claras</i>	51
5.3.2	<i>Aqua Chile</i>	52
5.3.3	<i>AquaGen Chile</i>	53
5.3.4	<i>Fjord Seafood Chile S.A.</i>	53
5.3.5	<i>Mainstream Salmones y Alimentos S.A.</i>	55
5.3.6	<i>Pharmaq AS Chile Ltda</i>	56
5.4	SUMMARY – COMPANIES	57
5.5	CONCLUSION	57
6.	CSR MEASURES IN THE CHILEAN SALMON INDUSTRY – EXPLANATORY FACTORS	59
6.1	INTRODUCTION	59
6.2	RATIONAL EXPLANATORY FACTORS	60
6.2.1	<i>Market Demands</i>	60

6.2.2	<i>Free Trade Agreements</i>	64
6.3	NORMATIVE INSTITUTIONAL EXPLANATORY FACTORS.....	65
6.3.1	<i>The Influence from NGOs</i>	66
6.3.2	<i>The Role of SalmonChile</i>	69
6.3.3	<i>Society and Culture</i>	70
6.3.4	<i>The Trade Unions</i>	74
6.3.5	<i>Company Culture and Leadership</i>	76
6.4	THE INDEPENDENT VARIABLES.....	80
6.4.1	<i>Maturity of the Industry</i>	81
6.4.2	<i>Size of the Company</i>	82
6.5	CONCLUDING REMARK.....	83
6.6	LOCAL COMPANIES IN A GLOBALISED WORLD.....	85
7.	CONCLUSION	88
7.1	WHAT EXPLAINS THE CSR MEASURES IN THE CHILEAN SALMON INDUSTRY?.....	88
7.2	RELEVANCE OF THE THEORY.....	89
7.3	CAN WE DRAW A LESSON FROM MY CASE?.....	90
7.4	A SUSTAINABLE FUTURE?.....	91
	REFERENCES	92

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List of Abbreviations

APEC	Asia Pacific Economic Cooperation
APL	Acuerdo de la Producción Limpia (the Clean Production Agreement)
CONAMA	Comisión Nacional del Medio Ambiente (National Commission for the Environment)
COREMA	Comisión Regional del Medio Ambiente (Regional Commission for the Environment)
CORFO	Corporación de Fomento de la Producción (The Chilean Economic Development Agency)
CSR	Corporate Social Responsibility
ECLAC	Economic Commission for Latin America and the Caribbean
EIA	Environmental Impact Assessment
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
HR	Human Resources
HRM	Human Resource Management
ILO	International Labour Organization
KOMpakt	The Norwegian Consultative body for CSR related issues.
LGPA	Ley General de Pesca y Acuicultura (General Law of Fisheries and Aquaculture)
NAFTA	North American Free Trade Agreement
NGO	Non Governmental Organization
OECD	Organization for Economic Co-Operation and Development
PET	Programa de Economía y Trabajo
Sernapesca	Servicio Nacional de la Pesca (National Fisheries Service)
Subpesca	Subsecretaría de Pesca (Undersecretariat for Fisheries)
TNC	Trans-national Company
UN	The United Nations
UNDP	United Nations Development Program
WBCSD	World Business Council for Sustainable Development

Map of Chile



Source: http://www.lib.utexas.edu/maps/cia05/chile_sm05.gif

1. Introduction

...a company is not human. A company has one objective: to run a profitable business. How to make this compatible with human development, this is where we find the big challenge... (Chilean company representative)

With the opening up of the world economy after the 2nd World War national economies have become more and more integrated. From the mid-80s and onwards the world has seen a boom in the activities of trans-national companies (TNCs), increased level of foreign direct investment (FDI), and global integration of production processes, making up what many people call a globalization of the economy. Simultaneously we saw the development of the sustainability discourse officially initiated by the Brundtland report “Our Common Future” in 1987 (World Commission on Environment and the Development 1987). In other words, as the world witnessed an increased level of international trade and FDI we also became more and more aware of the negative effects of human activity on our environment. The link between national as well as international business activities and the issue of sustainability were materialized in the World Business Council for Sustainable Development (WBCSD) which was founded in 1991. Their idea is that business has the duty to contribute towards sustainable development (WBCSD 2005). Corporate Social Responsibility (CSR) is one of the concepts they believe can work as an engine to achieve this.

In Norway the business community has always experienced a high level of public regulation, something that has led to improved practices both in terms of work conditions and environmental standards. An increased number of Norwegian companies with trans-national activity, and the critique of Statoil’s engagement in Nigeria in the mid 90s highlighted the need for a debate around the activities of Norwegian companies abroad. It was clear that Norwegian trans-national activity needed to be accompanied by certain ethical guidelines. One of the concrete results of this debate was the foundation of KOMpakt, a consultative body for Norwegian engagement abroad established in 1997. One of the principles clearly stated by KOMpakt is that Norwegian companies have a particular commitment when operating in other countries because of their background in Norwegian laws and practices. However, Norwegian business activity abroad still receives critique in the media from time to time, whether rightly or not.

Hence there is still a need for increasing our knowledge about the operating principles for Norwegian business abroad if we are to make it sustainable.

In this thesis I will build on the idea that CSR can contribute towards sustainable development. My aim is to try to achieve an understanding of which factors inspire the CSR measures of Norwegian subsidiaries abroad. I believe this is important knowledge for Norwegian owners who wish to ensure that their businesses follow sustainable practices. The specific case I will look at is the salmon industry in Chile where there are about 14 Norwegian subsidiaries in operation at the time of writing. The concrete inspiration for the case comes from the critique the Norwegian engagement here has received in the media, especially in the case of Mainstream Chile and their labour conditions (Ergo 2003). The salmon industry in Chile makes for an interesting case for several reasons. Although Chile can boast having one of the strongest economies in the region, it still has a very unequal distribution of its wealth. Social issues like health, education and social inequity continue to be critical issues on the political agenda. Norwegian companies in Chile thus here face a social reality quite different from the one at home, something that demands an adaptation in their behaviour as well.

1.1 Research Questions and Aims of the Study

The aim of this study is to achieve an understanding of the factors that explain the CSR measures of the salmon industry in Chile. My main research question will be as follows:
What can explain the CSR measures of the Chilean salmon industry?

I am especially interested in the operating principles of the Norwegian owned companies in the industry. A secondary research question will therefore be:

Are the CSR measures of the Norwegian owned companies in the Chilean salmon industry conditioned by the Norwegian ownership?

These questions serve as the basis for my analysis where I will explain how factors on both the global and the local levels, and both external and internal to the companies have contributed to a heightened focus on CSR related issues in the last three to four years.

1.2 Corporate Social Responsibility

No CEO would deny the fact that the major goal of any company is to run a profitable business. However, a heightened awareness about the social and environmental challenges that the world today is facing has led to a demand that the activities of the business community must be accompanied by certain ethical standards. The concept of Corporate Social Responsibility (CSR) aims at putting these ethical standards into a system. There are various definitions of CSR that differ slightly from each other. The European approach to CSR emphasizes its voluntary aspect. This is thought to give room for flexibility and innovation and is therefore important. The definition of the European Commission is as follows: “[CSR is a]...concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Commission 2005). Some of the most common “social and environmental concerns” are such issues as human rights, labour rights, anti-corruption, reporting practices, transparency, and sustainable consumption and production. One way of understanding CSR is to see it as a result of the changing world economic order. In a global economy where the political powers of the nation state are diminishing, the TNCs and the business community are filling in the gap. Susan Strange describes these processes in her book *The Retreat of the State* (1996). Here she claims that the powers and responsibilities of the state are eroded and that states have gone through a “...self inflicted retreat from autonomy...” (Strange in Stubbs & Underhill 2000:85). In this situation firms turn into political actors as they take on many of the social tasks traditionally taken care of by governments. Taking on these kinds of tasks, like for instance providing welfare services for its workers, will help a company to keep legitimacy both in the immediate community and amongst other share and stakeholders. CSR can thus be explained as a result of the retreat of the state. When the state pulls back, the firms will have to fill in the gap. Ian Wilson would agree with Strange that the corporation today meets demands for multiple standards as a result of the increased global activity and globalization (Wilson 2000:4). Wilson sees the roots in what he calls the “CSR movement” in the civil rights movement of the United States in the 60s. The 60s represent for Wilson a paradigm shift in terms of values. Legal, political moral and social values have since then created the standards by which corporate performance is now judged.

Wilson sees CSR as a concept born out of the American context. However, I think it is worth noting that although the term CSR is relatively new¹, the concepts that it encompasses are necessarily not. Neither are the issues included by the term unique to the United States. In Norway issues like the concern for the environmental, labour rights, transparency and reporting practices were high up on the political agenda long before the term of CSR was coined in the early 90s. Also in Latin America we can trace the roots of some of the issues now labelled as CSR long back in time. For example, parts of today's HR practices have their early roots in the tradition of paternalism stemming from colonial times.

Some people might think that CSR is merely a label that represents nothing new in reality. However, something new is that many companies have developed more systematic reporting practices. We have also seen the development of such CSR indexes as FTSC4Good and the Dow Jones Sustainability Index that are created to help people who wish to ensure socially responsible investing. The central argument used in favour of CSR is what is known as 'the business case' for CSR. The business case states that a company will benefit financially from strengthening their social and environmental bottom lines. According to the WBCSD CSR has a clear strategic value (WBCSD 2005). Many studies have tried to establish a causal link between CSR and profitability, but it has not been possible so far to establish a clear link between the two (Vogel 2005). However, the CSR approach can nevertheless be said to be the hegemonic discourse in the debate about business and sustainability (Murphy & Coleman 2000) and it is these days expected of any TNC wanting to take itself and the society it operates in seriously that it has developed a CSR profile.

1.2.1 The Relativity of CSR

When discussing CSR in a cross country context, it is important to note that what is considered as a CSR measure in one country might be a legally mandated practice in another. In countries where the enforcement is weak we sometimes see that following the law in reality is voluntary. In those cases it can be argued that complying with existing laws in itself is a CSR measure. Chile is a country which struggles with weak

¹ The term was coined during to the Rio summit in 1992

enforcement. In my thesis I will therefore apply an extended understanding of the concept of CSR where I include those measures aiming to help the company complying with existing laws. The concept of CSR as a business strategy has been present in the Latin American region since the mid 90s. The language and concepts of CSR currently in use are imported from Europe or the United States, and the issues emphasized thus tend to be the ones defined as important by these regions. A challenge then is to develop a home grown version of CSR that include those issues of particular importance to the region, like for instance to combat poverty (Correa et. al 2004).

1.2.2 CSR Indicators – Environment and Labour

As we have seen, the concept of CSR includes many different issues. In my thesis I will focus on the two indicators labour conditions and the environment. These are the aspects of the industry that receive most critique from the media and NGOs. Furthermore, according to academics the future sustainability of the sector depends on how the industry deals with these two issues². The fact that environment and labour are the two most critical aspects of the industry has made it a natural choice for me focus on these two CSR indicators in my study.

1.3 Methodology and Theoretical Perspectives

My project is based on a qualitative case study of the salmon industry in Chile. My primary sources are interviews I have made with representatives from different stakeholder groups relating to the industry. As secondary sources I have used various internet sources, different reports and newspapers. My hope is that this triangulation of sources will increase the validity and reliability of the thesis (Yin 2003). My choice of theory has been made on the basis of what I am trying to understand in this study, which is the behaviour and decision making processes of the companies in the Chilean salmon industry. I have chosen two different perspectives taken from organization theory. I believe these will help me to find explanatory factors in areas both external and internal

² See Jonathan Barton (1997) and Cecilia Montero (2004)

to the company. The two perspectives I have chosen are the rational and the normative new-institutional perspectives. The latter is again divided into levels internal and external to the companies. To place my case in a more global context I will end this introductory chapter by giving a brief outline of the debate between state-centric and global thinkers about the nature and identity of TNCs. They disagree as to whether the source of the identity and behaviour of TNCs is found in the nation state or in a global business culture removed from national influences. This is an interesting debate for me, because if state-centric thinkers are right then we can assume that we must explain the behaviour of the Norwegian companies in the light of their Norwegian ownership. Some of the companies in my case are small companies with operation in no more than two countries. They can therefore clearly not be categorized as TNCs. However, in the field of CSR they still face many of the same challenges as TNCs because of their trans-national activity. I therefore consider the debate between global and state-centric thinkers to be relevant for my thesis.

1.4 TNCs – from Where Do They Get Their Identities?

In a global economy where do we find the factors influencing the behaviour of a company - in the national or the global context? And where do trans-national companies find the source of their identities and behaviour, in the global or national level? I will in this chapter briefly present two points of views regarding these issues, the state-centric and the globalist approaches. The two can be said to find themselves on opposite sides of the scale regarding the view on how the global economy functions. Although the two positions seem to contend one another, it is quite possible that they both can contribute towards the understanding of TNCs and therefore actually complement each other more than first assumed. This is why I think it is necessary to present them both.

The state-centric position claims that although the world has seen an increased economic integration in recent years it is still the state that is the principle actor in international economic affairs. Globalization processes are not denied, but it is believed that the effects of these often are strongly exaggerated. It is pointed out that globalization is restricted only to a few economic sectors and to a limited geographical area consisting mainly of the industrialized world. Further, it is claimed that it is actually nation states that still construct the framework for global economic activity,

and hence the political component of global economy and the role of the nation state must not be underestimated. Robert Gilpin is a proponent of the state centric approach. He states that “...the character of the global economy will depend more on political factors like for instance security and political interests between the dominant economic powers than pure economic factors” (Gilpin 2001:12). In the absence of a higher authority, he sees the state as the principal actor in international affairs (2001:17). Gilpin argues further that “...the interaction of the political ambitions and rivalries of states, including their cooperative efforts, create the framework of political relations within which markets and economic forces operate...” (2001:23). State centric thinkers see TNCs as actors that must follow the rules laid out by the nation states like all other actors in society. The policies, customs and culture of the nation state are consequently considered the main source of corporate identity and behaviour. In Gilpin’s opinion, the domestic roots of a firm will always be central to any corporate strategy, and TNCs are seen as national firms conducting international business. He claims; “States (...) establish the rules that individual entrepreneurs and multinational firms must follow, and these rules generally reflect the political and economic interests of dominant states and their citizens” (2001:23).

The authors of the book *Variety of Capitalism* (Hall & Soskice 2001) are other proponents of the state-centric approach. Through a series of case studies from Germany, Scandinavia and the United States it explores the different institutional foundations for capitalist economies. The book claims that some institutions in the political economy can lead to the generation of “...nationally distinctive forms of capitalism...” (2004:vi). The book further opens up for the possibility that nations may derive comparative advantages from their institutional infrastructure. One of the implications of the approach is that it calls into question that globalization and increased economic integration will force institutions and regulatory mechanisms of various nations into convergence on a common model. This is in accordance with Gilpin. The authors of the book *The Myth of the Global Corporation* (Doremus et al 1998) have also used case studies to underpin their state-centric claims. They examine the behaviour of American, German and Japanese TNCs within different sectors and activities and draw the conclusion that differences between TNCs can be explained in such domestic factors as the historical experience of a country, economic ideologies and the structure of the national economy. Surface similarities between TNCs abound they claim, but “...the

global corporation, adrift from its national political moorings and roaming an increasingly borderless world market, is a myth” (1998:3).

The globalist approach asserts on the other hand that the nation state no longer is the principle actor in international economic affairs. The world is believed to go towards a politically borderless world, led by a market driven global economy where the TNCs are turning into the dominant institutional force. Some of the characteristics of the globalization are unrestricted trade, a high degree of financial flows and the activities of TNCs (Gilpin, 2001:9). Deregulation and other reforms have supposedly reduced the role of the state in global economic affairs, and market mechanisms have taken its place. One of the contenders of this view is Kenichi Ohmae who has an understanding of TNCs that is entirely based on globalization processes. He believes that TNCs have become powerful independent actors that shed their national identities in their pursuit of a global market share. Production is done and decisions made without special reference to a home country. In his book *The Borderless World* (1990) Ohmae describes what he believes TNCs are turning into in the context of what he calls an interlinked economy. About the global corporation today he states: “...its value system is universal, not dominated by home-country dogma, and it applies everywhere” (1990: 90). He explains this with the flow of information we have today that has turned local into global citizens. The globalization of the consumer has lead to a need for companies to behave and produce globally as well.

Leslie Sklair shares some of the opinions of Ohmae, but has a clear Marxist starting point for his analysis of global affairs. In his book *The Trans-national Capitalist Class* he argues for the emergence of new class, the trans-national capitalist class. The class consists of corporate executives, globalizing bureaucrats and politicians, globalizing professionals and consumerist elites and it pursues peoples and resources all around the world in its “... insatiable desire for private profit and eternal accumulation...” (2001:4). The reason for the emergence of this new class is that the role of the state has changed and its powers declined. The result is that trans-national forces, processes and institutions might be filling in the vacuum (ibid:2). He explains that ‘trans-national’ refers to “...forces, processes and institutions that cross borders but do not derive their power from the state...” (ibid:2). Sklair thinks that the TNCs are the prime candidates for this new role, and the emergence of the trans-national capitalist class follows as a consequence.

The two approaches offer contesting views on the nature of TNCs. The state-centric approach still emphasizes the link to the nation state, and sees this as the main source of identity and corporate behaviour. The globalist approach believes that the role of the nation state is in decline and that as a result we must talk about a transnational corporate identity identifiable in all TNCs around the world. I suspect that both approaches have some valid contributions to the understanding of TNCs. In order to debate this further I think it is important to bring in empirical evidence. This is what I will do towards the end of this thesis, when I will discuss this debate further in the light of my case. However, in order to achieve a more thorough understanding of my particular case I need to reach for theories that work well on the micro-level. This is what I aim to do in the following chapter.

2. Theoretical Perspectives

2.1 Introduction

In my thesis I wish to achieve an understanding of the behaviour of companies in relation to CSR. The issues of choice and behaviour are questions that organization theory has dealt with for decades. Since a company has many of the same characteristics as an organization I believe that organization theory is a suitable choice of theory for my thesis. There are many organization theories to choose from. For my case I have chosen two organization perspectives that I believe will be useful: the rational and the normative institutional and organization perspectives. The two have different analytical points of departure. The rational organization perspective starts the analysis with the formal organization, which is seen as a rational actor where the individual follows the formal rules of the organization (Egeberg 1984:27). The institutional perspective on the other hand, takes normative institutions as its point of departure. Røvik points out that these two approaches belong to two opposite paradigmatic traditions: the former to the rationalistic-economic paradigm and the latter to the institutional-sociological paradigm (Røvik 1998). I will centre my analysis around these two organization perspectives and on two different sets of logics that spring out of them: the logic of consequence and the logic of appropriateness (March 1994). These logics are useful tools for understanding the various levels of decision making processes in organizations.

I believe that the variables explaining the CSR profile of the companies I study in my case are complex, and that I must look for them both within the companies themselves, and in various levels of society. The perspectives I briefly have outlined, allow me to search in all of these fields. I will try to see how these different views of organizations can complement each other as a backdrop for understanding organizational behaviour in relation to CSR, rather than testing whether one perspective is more “true” than the other. This is in line with the ideas of Røvik (1998) and Giddens (in Peters 1999:142). It is worth keeping in mind that the theoretical divisions presented in this chapter are artificial and given to us as tools aiming to help us to categorize and make sense of a complex world, not as finite presentations of the complex world we are actually surrounded by. In reality, it is probably almost impossible to separate the

outlined organization perspectives although I to a large extent will keep them separated in this thesis for the sake of structure. For example, a CSR initiative seemingly can be motivated by a rational factor like the possibility of raising a company's profits. However, it might be very unclear and difficult to predict exactly what CSR initiatives lead to raised company earnings. A CSR profile will then be created on the basis of what is *perceived* by the actor as a rational measure that will help him to achieve this goal. However, what is here perceived as rational will necessarily be conditioned by the institutional context. We see that a CSR initiative can have its base in a rational argument, but that this argument again has its basis in the institutional context of the actor. Before I go on to discuss the theoretical perspectives more in detail I would first like to make a note on how the choice of theory relates to my previous academic background from the human sciences, and then clarify why we can regard a company as an institution.

2.2 Background for the Choice of Theory

My theoretical perspective is partly based on March and Olson's normative institutionalism. I believe we can draw some lines from March & Olson to some of the thinkers that previously have influenced me, like Hans-Georg Gadamer and J.G.A. Pocock. I believe they can all be placed within the constructivist paradigm, to a larger or less extent. In a way we can say they have in common that they all discuss the framework for human knowledge or behaviour. The language sets the boundaries for the observations and analysis' we make of reality according to Pocock (Pocock 1989). Gadamer points out that our knowledge is conditioned by our pre-judgements (Gadamer 1997). This implicates that the framework for our knowledge and our truths is conditioned by our history, our social surroundings and our language. In other words, on the institutions we form part of. The way I see it, there is a clear line between these thoughts and March and Olson's ideas about how institutions influence our decision making processes and behaviour. The meaning that March and Olson give to the term 'institution' is closely related to norms and existing ideas within organizations. This will again be conditioned by the history, social context and language surrounding each actor. This is where I believe we see a link from Gadamer and Pocock to March and Olson. The interesting thing here is that although Gadamer developed his hermeneutics

for the interpretation of literary texts, Pocock his ideas for use in political analysis', and March and Olson their normative institutionalism for the analysis of organizations they all base their thoughts on a very similar perception of reality. The idea is that all knowledge, comprehension and human behaviour is based on and limited by the boundaries of our socially constructed reality and our language. We see here that there social sciences and human sciences meet each other, and disciplinary boundaries are blurred.

March and Olson might be said to represent a moderate form of constructivism since they are more concerned with the influence of our immediate surroundings on actors' behaviour rather than exploring in depth the framework for human understanding. However, I will still claim that the mentioned thinkers all operate within the same constructivist paradigm. I believe this is why it felt natural for me to choose the theories of March and Olson for my thesis as they complement rather than contradict the ideas that I previously had been influenced by. Hence, I place myself theoretically within the hermeneutic tradition. I assume that the actors I talk to are capable of interpreting their surroundings, and I wish to use the information they give me to sketch a picture of the variables that influence the behaviour of the companies in my study.

2.3 Is a Company an Institution?

The organization theories presented in this chapter have mainly been developed for the purpose of studying organizations and public institutions. How do I justify applying these theories in the study of company behaviour? Do companies have some of the same characteristics as political institutions? Selznick has made an analytical divide between organizations and institutions. An organization is seen as an administrative unit, a rational instrument used in order to reach a set goal (1966:5). The goal of any business is to produce goods and services, and earn money for their owners. The company is the instrument used in order to reach this goal. Thus companies fit the description of an organization. Selznick further describes how an organization goes through a process of institutionalization as a result of the pressure both from external forces and the internal social world of the organization (Selznick 1966:7). Selznick states that "...to institutionalize is to *infuse with value*...beyond the technical

requirements of the task at hand...” (ibid:17), and “...as an organization acquires a self, a distinctive identity, it becomes an institution...” (ibid:21). In addition to its formal structure, companies also consist of an inner social world made up of individuals who will influence its behaviour. Further we see that companies are exposed to the pressure from external forces. Hence I find it reasonable to assume that companies go through processes of institutionalization and have an institutional dimension in the same way as public organizations do. Because of this similarity between companies and political institutions, we will find that the theories outlined in this chapter will prove themselves helpful in my task to explain company behaviour in relation to CSR. In what remains of this chapter I will first present the two organization perspectives before I finally will see my case in the light of them.

2.4 The Rational Organization Perspective

The rational organization perspective traditionally sees the organization as a tool for the leadership to coordinate the action of individuals in order to produce goods and services (Brunsson 1989:2). This is what gives an organization its legitimacy. According to this perspective, it is formal structures and decisions that will condition the behaviour of an organization. The individual is seen as a rational, utility maximising being, but when it acts as a member of an organization it is the formal structure and goals of the organization that will define what a rational decision will be. The formal structure expresses what each member shall do and how they shall behave, and rationality is thus found in the organization as a whole and not in the minds of each individual member (Egeberg 1984:27). Strategies and decisions that are implemented by the leaders are therefore assumed to lead to an actual change of behaviour. Hence, according to this view there is a close link between the formal normative structure of an organization and its actual behaviour. The rational organization perspective is according to Røvik by far the most hegemonic view of organizations (Røvik 1998).

2.4.1 Decision Making and the “Logic of Consequence”

Decision making seen as rational choice is the most common view of decision making processes (March 1994). From this point of view, the actor’s calculations play a decisive role within the decision making process. Also the organization is seen as an

individual rational actor, and can be regarded as a decision maker on its own. Decisions are made on the basis of their expected consequences, and the decision maker chooses the alternative with the most preferred outcome. Thus, decision processes are consequential and preference based (1994:2). In Hollis and Smith's words: "The rational agent is a bargain-hunter" (Hollis and Smith 1990:76). March calls the logic behind this perspective a "logic of consequence". The purest forms of rational choice theories assume that the decision maker has perfect knowledge of all alternatives and consequences of his actions (March 1994:4). However, the best established versions of the theory tend to acknowledge the insecurity that surrounds action based on the fact that the individual's knowledge of future consequences is limited by his cognitive capabilities and incomplete information (ibid:9). Hence, actions are seen as intended to be rational, although the outcome of them cannot always be described as such. Since the rationale of the company is to gain profit for its owners, we can expect that the explanatory factors for a company's CSR profile according to this perspective will be inspired by the possibility of raising the company's earnings.

2.5 The Normative Institutional Organization Perspective

The normative institutional perspective considers informal structures like collective values, rules, identities and culture when explaining the behaviour of an organization. In daily life, the terms 'institution' and 'organization' are often used for describing the same entity. In political science 'institution' is used both for formal structures like a parliament, to more abstract phenomena like a social class (Peters 1999:28). March and Olsen understand 'institution' as a more informal entity: "An institution is the bearer of a set of practices. It is a structural arrangement and a configuration of rules which determine what is exemplary behaviour" (Olsen 1992:250). There are many directions within institutional theory. Common to them all is a claim that political and economic behaviour cannot be reduced to the aggregate consequence of individual choice, and that crucial to the understanding is a realization that "...institutional arrangements and social processes matter" (Powel & DiMaggio 1991:3). Hence the role that culture plays in shaping organizational reality is acknowledged (ibid: 12). The organization does not exist entirely as an instrument to reach a set goal, but for its members it also achieves a value on its own. The behaviour of the organization will not simply be a reflection of its

formal structure, but also a result of the need for the individual members to express their identity, knowledge and skills. Thus, the actual behaviour in an organization is a result of the informal needs of its members, in addition to being a reflection of its formal goals and structures (Egeberg 1984:36). The perspective within new institutionalism I will use is normative institutionalism as developed by James March and Johan P. Olsen (Olsen 1992, March 1994). This perspective stresses the importance of the socializing aspect of institutions, since institutions are thought to provide us with our identity and thus with rules for behaviour. A central idea to Olsen and March is that decision making processes follow a “logic of appropriateness” (Peters 1999:29).

2.5.1 Decision Making and the “Logic of Appropriateness”

According to the normative institutional perspective the decision maker follows a “logic of appropriateness” (March 1994). This implies that the actor makes decisions according to what is believed to be appropriate behaviour for a person in his position. What is appropriate behaviour is defined by the institutions that surround us and that we are influenced by. Decision making is thus seen as rule based. Rules as defined by institutions rather than formal structures, and as the fulfilment of an identity. March points out that the logic of appropriateness actually is comparable to the logic of consequence. They are both based on systematic reasoning and are therefore often quite complicated (ibid:58). However, the character of the reasoning is different between the two. The reasoning behind the logic of appropriateness “...is one of establishing identities and matching rules to recognized situations” (ibid:58). The decision maker would ask himself questions like: what does a person like me do when confronted with a situation like this? (Olson 1992) The reasoning behind the logic of consequence is however based on an assessment of expected consequences and a set of preferred outcomes. The decision maker would then have to ask himself: which of the following options are likely to lead me to my preferred goal? In the light of this perspective, I believe we will find that the CSR profiles of the companies are linked to what is defined as appropriate by the actor’s surrounding institutions. A CSR profile can then be explained on the basis of the existing norms and values in society, and not merely as a result of a wish to make good business.

2.5.2 Two Actor Levels – External and Internal

My case makes it is necessary to operate with two different actor levels within the institutional perspective. The lowest level is the company level, where the individual is the main actor and the company the institution he forms part of. Further we need to operate with a country level where the company is the actor and the various institutions of the country the context. These two levels can be described as the internal and the external institutional levels. On the internal level we base our understanding of the actor's decisions on conditions within the company itself. On the external level we base our understanding for the actor's decision in the institutions and conditions outside the organization. What is likely to complicate my case further is that for the Norwegian companies we have to take two countries into consideration, Norway and Chile. In any case we see the need of having certain knowledge of the context of the actor in order to understand his or its behaviour. March states that a study of rule-based decision making processes is not only about understanding how rules are defined and applied, but it is also a study of rule development (1994:77). Identity and rules are understood as socially constructed entities, and understanding behaviour and decision making therefore implies a study of the historical and cultural contexts that these rules and identities where formed within in the first place. Hence, in order to understand a decision making process based on the logic of appropriateness it is important to gain an understanding of the social and historical contexts that the decision maker forms part of. This will be explored in chapter four of this thesis, the background chapter. In the following I will briefly try to see what kind of explanatory factors we can expect to find for the CSR measures in the Chilean salmon industry using the two organization perspectives above.

2.6 My Case Seen in a Rational Choice Perspective

The rational organization perspective emphasises formal structures and decisions. The expressed rationale of a company is to run a good business to gain money for its owners through the production of goods and services. It is reasonable to assume then, that the focus of any leadership will be to make decisions thought to lead them towards this goal. According to the logic of consequence, the company leader will have to assess all possible solutions to a challenge, and depending on their assumed consequences choose

the alternative that gives him the highest preferred outcome. In my case this will be the alternative that benefits business most. In general it is likely that a CSR profile based on the logic of consequence will depend on this condition: business must benefit. I therefore believe we can expect to find CSR initiatives that potentially will raise company earnings to have an important place on the company agendas. CSR initiatives that do not serve this purpose will less likely be implemented or included in a CSR strategy.

Initially I asked the question whether we would find that the CSR profile of the Norwegian companies in Chile's salmon industry would be motivated by the fact that the companies are owned by Norwegian capital. The Norwegian companies in Chile operate under the same markets, under the same legal conditions and benefit from the same free trade agreements as the Chilean companies. From a strict business point of view, there is no difference between a Chilean and a Norwegian company. In this context, and according to the logics of consequence, we are likely to find that there will not be a big difference between the CSR profiles of the Norwegian and Chilean companies. They all operate under the same conditions, and benefit from following the same rules in the game as the other players. If Norwegian companies were to spend more resources on non-profit CSR initiatives than their Chilean counterparts it would possibly imply a loss of competitiveness and this is a risk that the companies probably would not take. Thus, in the light of the already established conditions I will claim that the nationality of a company from this perspective has no relevance to a company's CSR profile.

From the logic of consequence perspective, we are more likely to find that the CSR profiles are motivated by the possibility of raising the company's earnings and reducing risks. From this follows that the CSR profile will be stronger in those areas that directly benefit business and reduce risks than in other areas. My case focuses on CSR initiatives that relate to the environment and to work conditions. Will we find that the focus on CSR is equally strong within both fields? We have already established that the rationale of a company is to gain profit for its owners. In order to achieve this, the company has to produce and sell as much as possible. CSR initiatives that benefit production and sales and contribute towards the reduction of risks are good for business and thus likely to be implemented. I expect to find that the companies' CSR profiles to a large extent have a rational explanation, closely linked with an aim to raise company

earnings, which is seen as the bottom line for the company. Norwegian ownership is in this perspective not a relevant explanatory factor for the development of the companies' CSR profiles, since the companies do not operate or sell their goods in Norway. David Vogel is one of those who claim CSR to be market driven (Vogel 2005:4). In the light of this I expect the demands from the consumers in the end markets to be an important explanatory factor for the CSR profiles of the Chilean salmon industry.

This assumption corresponds well with the globalist approach outlined in the introductory chapter. It is here assumed that the world is increasingly led by a global, market driven economy where institutional differences following national borders are becoming increasingly irrelevant. In this kind of setting we are likely to find the explanation for the companies' CSR measures within the global context.

2.7 My Case Seen in a Normative Institutional Perspective

In normative institutionalism actors are thought to reflect the norms and values of the institutions that they form part of, and this will again influence his behaviour. To understand the behaviour and decisions of an actor, we must therefore turn to his or its surroundings for an explanation. In the following I will use the division between the internal and external levels when I try to see my case from a normative institutional perspective. What factors we find as explanatory for the CSR measures in the salmon industry will vary according to which level we find ourselves at.

2.7.1 External Level

On the external level we should look for the explanatory factors in the institutional surroundings of the company. I believe that we according to the logic of appropriateness will find such explanatory factors as the influence from NGOs and the predominating norms and values in the Chilean or the Norwegian cultures (depending on which company we discuss). The companies might not be willing to openly admit that NGOs have an influencing power on their behaviour and therefore be reluctant to admit their importance. Methodologically I will try to solve this dilemma by letting the external actors assess the role of NGOs when it comes to influencing the CSR strategies of the salmon industry, and then see if this is in accordance with what the industry itself says about the issue. Further I will try to detect whether there are particular cases brought up

by the media or by NGOs, where the salmon companies consequently have changed their behaviour.

In order to understand what kind of role the Norwegian or Chilean cultures play in this case, it is necessary to have knowledge of the idiosyncrasies of these societies. In brief we can say that regarding all the issues that fall under the label of CSR, Norway maintains a high standard. In Chile the case is a bit different. We can find traces of very good human resource practices in Chile, but this tradition suffered a serious rupture during the military regime. Today the country is in a process of recuperation and is working on heightening its standards, but is still challenged by weak enforcement in many fields. When it comes to the environment, this is a field that is achieving more and more attention. Based on what we here see, I believe we can expect to find that the Norwegian companies in Chile build on the tradition they are accustomed to in Norway and hence have a CSR profile similar to the mother company. The Norwegian ownership then becomes an explanatory factor for their CSR measures. Since both environmental and labour issues receive equal attention in Norway, there is the likelihood that we will find equal attention to both fields in the subsidiary Chile as well. In the case of the Chilean firms, the predictions are not so clear since we find different currents within the Chilean society regarding the CSR. What institutions and traditions within the Chilean society that has had most influence on the company will vary, and I therefore believe we will find a variation of CSR practices amongst the Chilean companies.

This external perspective where the company is seen in relation to its institutional surroundings can be placed in relation to the state-centric view of corporations. The state centric view still sees the state as the principle actor in international economic affairs. Gilpin points out how the state still creates the frames for economic activities in spite of the ongoing globalization processes. Hence institutional factors such as norms, identities and traditions become important when explaining company behaviour. Institutional differences are exactly what the Varieties of Capitalism approach points to in their explanation for the development of different types of capitalism that they have found in different countries. The state-centric view of corporations will thus support the view that the explanatory factors for the CSR measures in the Chilean salmon industry can be found in the companies institutional surroundings.

2.7.2 Internal Level

On the internal level we find conditions internal to the companies as the explanatory factor. We can here talk of such explanatory factors as the company culture, which again will inspire the choices of the individuals within the salmon companies. The company culture will define what appropriate behaviour within the particular company is, and this will influence the behaviour of the individual. What substitutes the basis for a company culture will vary from company to company. I suspect that I will find a difference here between the Chilean and the Norwegian companies. If the company has a tradition for focusing on CSR measures, I believe that this will contribute towards the socialization of its members and that it is likely that the established practices continue although people in the company come and go. Normative institutionalism emphasises how identities form the basis for decision making. (March 1994:59) A leader acts according to his organizational identity which to a large extent tells him what to do. In the decision making process the leader will have to ask himself: Who am I, and what do the owners and institutional surroundings expect of me in this situation? In the case of the Norwegian companies the answer would be: "I am the leader of a Norwegian owned company, and it is expected from me as a leader to focus on CSR related issues". Social and environmental concerns will then be included in the company strategy because it is morally and socially expected of the company, and not necessarily because it is believed to raise company earnings.

2.8 Concluding Remarks

The theoretical perspectives that I use in this thesis will allow me to include explanatory factors for the CSR profiles of the companies in the salmon industry from different levels, both within the companies themselves and in society. From a rational perspective, the supportive argument will mainly be the business case for CSR. A decision making process is seen as based on a logic of consequence, where decisions are made according to the highest preferred outcome. The highest preferred outcome for a company is to create profit and prevent risks. CSR measures are implemented when they are believed to help the company to reach this aim. In the normative institutional perspective, the actor is seen as reflecting the norms and values of the institutional context he is connected to. This context is what will form the basis for his decisions that

follow the logic of appropriateness. Hence we find the explanation for the CSR measures in the established company culture and in what the surrounding institutions define as appropriate CSR practice. As stated initially in this chapter, I believe we have to use a combination of the outlined perspectives in order to achieve a comprehensive understanding of the factors explaining CSR. I will attempt to combine them more closely in my analysis.

3. Methodological Reflections and Notes on Fieldwork

The philosophy behind qualitative research according to Rubin & Rubin is to “...find out what others think and know, and avoid dominating your interviewees by imposing your world on theirs...” (Rubin and Rubin 1995:5). This has been the ideal I have tried to follow throughout the work with this thesis which is based on qualitative method. Ragin et.al. describe one of the advantages with qualitative method as follows: “...qualitative methods can be used to great advantage in research situations where theories are underdeveloped and concepts are vague. Thus, qualitative investigations are often at the forefront of theoretical advancement...” (Ragin et. al. 1996: 750). CSR is a field where theories are still not satisfactorily developed. Furthermore, the explanation of the behaviour of companies is not easily quantifiable. I therefore find it appropriate to use qualitative method for this study. The empirical evidence is based on a case study performed in Chile in the fall of 2005. Yin defines a case study as “...an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and context are not clearly evident...” (Yin 2003:13). Stake divides case studies into those of instrumental and intrinsic interest. The intrinsic case study is primarily motivated by a wish to achieve a better understanding of a particular case, whereas the main goal of an instrumental case study is to “...provide insight into an issue or refinement of theory...” (Stake 1996:237). Stake further points out that in reality we often have several interests at the same time, and that there often is no line distinguishing the intrinsic from the instrumental case study. This can also be said for me. On the one hand I am motivated by a wish to understand what explains the CSR measures of the companies in the Chilean salmon industry, in particular the Norwegian ones. Additionally I would like to explore what the implications from my case can say about the more overarching debate between globalist and state-centric thinkers. In this sense the motivation for my study is two-fold.

3.1 Validity and Reliability

The salmon industry has received a lot of criticism from NGOs and the media. The result is that many of the people within the industry are weary of curious outsiders and always on the alert of potential criticism. It is not unlikely that the industry representatives I have talked to find themselves amongst this group, and that the information they have passed on to me consequently has been coloured by a wish to have a positive image. The NGO representatives on the other hand might also have a one-sided view of the industry based on their bias against it. These facts might affect the reliability of my thesis. I therefore found it important to include the points of view of both groups, so that my data collection would not be imbalanced. A weighting of sources and interviewees is one way of increasing the validity and reliability of the report (Rubin & Rubin 1995:83). I have attempted to do such weighting, and hope that this in addition to the triangulation of sources has helped me to achieve a balanced understanding of my case and consequently to write a similarly balanced report.

3.2 Primary Sources

The data collected for this thesis come from written sources and qualitative interviews. The primary sources that I have used for my thesis are the interviews that I performed during fieldwork. Yin, amongst others, point to the importance of triangulation of sources in order to increase the validity and reliability of the case (Yin 2003:98,99). Since the conclusions in my thesis mainly are based on qualitative interviews I found it important to talk to members of not just one but several stakeholder groups. In addition to representatives from the industry I interviewed several representatives from Chilean authorities, NGOs and academics who have intimate knowledge of the research field. In total, I performed about 20 interviews. All of them were performed in the mother tongue of the interviewee, either in Spanish, Norwegian or English. Most of the interviews were semi-structured, but some were informal interviews that started up as a conversation and then ended up as an interview, and one was done through e-mail. Interestingly, I gathered some of the most valuable and eye-opening information during the informal interviews. Perhaps this is due to the informal setting in which they took place which made the informant feel comfortable and at ease (Rubin&Rubin 1995:129).

I tried to structure the interviews in such a way that it would be possible for me to piece the information together in the end, for instance by discussing the same topics with most of my interviewees. Finally I have used methodological triangulation in the form of different data collection techniques. Like I already have said, in addition to the interviews I have also used various internet resources and academic reports to achieve an understanding of my case both prior to and after field work. Due to the constant critique from NGOs and parts of the media, the issue of CSR is considered as sensitive in some parts of the salmon industry. In order to not place my informants in an uncomfortable situation I have therefore found it necessary to keep some them anonymous.

3.3 Secondary Sources

In preparation for my fieldwork I had good use of the internet in order to familiarize myself with the Chilean salmon industry and its various stakeholders. The information on the web pages of public authorities like the Undersecretariat for Fisheries (Subpesca), the National Environmental Commission (Conama) and the Labour Inspection Authority (Dirección del Trabajo), NGOs like Fundación Terram and Écoceanos and of the industry itself, especially the one of SalmonChile (the Association of Salmon Farmers) turned out to provide me with very valuable background information. In addition I built my understanding of my case on various papers and reports regarding the industry written both by academics from different universities and published by ECLAC³. This information helped me to form a picture of the research field and its stakeholders, and to formulate the questions for the interviews before left for my field study.

3.4 A Note on the Selection of Companies

The selection of companies was partly consciously planned and partly done according to what turned out to be possible once I was in the field. Initially I had planned to

³ The Economic Commission for Latin America and the Caribbean.

mainly do a study of the salmon producer Mainstream Chile. Unfortunately it turned out that they did not wish to meet with me although I had received promises of a meeting prior to fieldwork. The Norwegian owner of Mainstream, Cermaq did on the other hand answer my questions, although through e-mail. I have also had the opportunity to interview different people with intimate knowledge about the company, both from the industry itself and from the academic world. I have therefore decided to still include the company in the study since I after all managed to receive some reliable information about it. However, I still felt the need to include other companies in my thesis as well because I consider that the material I gathered about Mainstream was not extensive enough to serve as a basis for a whole thesis. In retrospect I think this turned out to be a blessing in disguise since this forced me to make a study of a broader part of the industry. I believe this at the end of the day has turned out to be more interesting than it would have been if I only had made a study of one single company. My main focus in this study has been the Norwegian companies in Chile and I have included four different Norwegian owned companies in this study. Further I interviewed two Chilean companies in order to compare the impressions and statements between the different companies.

3.5 Reflections on Fieldwork

My fieldwork took place in Chile from early October to late November 2005, all in all about seven weeks. I started up my work in Santiago where I interviewed several NGOs and academics. I also went to Valparaíso where I talked to the National Fisheries Service (Sernapesca). After a period in Santiago I was based one month in Puerto Montt in the South of Chile, which is the centre for Chilean salmon production. Here I interviewed the companies included in my study, and several governmental agencies. I found that NGOs, academics as well as the governmental agencies were very forthcoming towards me and my project.

My greatest concern before I left for Chile was to get access to the industry itself. The salmon industry in Chile has as already mentioned received a lot of criticism both from the media and the NGOs in recent years, and has as a consequence turned quite weary of outsiders. All in all I am quite satisfied with the way it turned out, in spite of the disappointment with Mainstream, as the companies I contacted were willing to talk

to me. I think my success partly is due to the fact that I was able to make a contact in the salmon industry in Puerto Montt before I left Norway. This happened when I visited the AquaNor fair⁴ in Trondheim in August 2005. This person is Chilean and works for a provider in the salmon industry in Puerto Montt. He turned out to get the role as a “key person” as he was able to share with me valuable information about how the industry works and also provide me with some contacts that later resulted in valuable interviews. Furthermore, the fact that I already had an acquaintance within the industry seemed to make other company representatives less sceptical towards me. This was especially true for the two Chilean companies that oftentimes do not have the same tradition of transparency as we have in Norway and therefore felt more at ease when I was recommended by somebody they knew.

3.6 An Interdisciplinary Study

While writing this thesis I have been following the master program Culture, Environment and Sustainability which is an interdisciplinary study program at the Centre for Development and the Environment in Oslo. One of the strengths with interdisciplinary research is that it

...can contribute challenging perspectives, as it allows a problem to be studied from different angles. The motivation for conducting interdisciplinary research is very often interest in a problem rather than in a discipline. Interdisciplinary research has a strong capacity to embrace diversity” (McNeill and García-Godos 2005:9).

Before I started on this master I had mainly studied languages and intellectual history. Reading this thesis, it might seem as if I have gone through quite an academic make over as both the choice of theory and overall structure of the thesis clearly is influenced by political science. One of the reasons for this is that my advisor is a political scientist, and this has undoubtedly influenced me quite a bit. As a student going through a learning process I have found it helpful to relate to one style of disciplinary advice. The danger though, is that I might have been locked up in some political scientist paradigm that I myself do not belong to completely and that my thesis as a result becomes neither

⁴ AquaNor is the biggest aquaculture fair in the Northern hemisphere and is held once a year. Most of the suppliers to the salmon farmers from all over the world are here present.

this nor that. I hope that this is not the case, and that I instead have been able to draw on the best from both worlds. The interdisciplinary component in my thesis is perhaps not so explicit. However, I do believe that it is there, and that it consists of the mixture of the structure and theories from political science in combination with the preconceptions that the background from cultural studies has given me. I believe it is likely that this has made me quite susceptible to culturally conditioned explaining factors, and reluctant to get caught up in pre-designed models of the world. Further I think this has influenced me in my choice of theories and also the moment in which I chose them. Although I had a fairly good idea about which theories to use before I left for fieldwork, I did the very final choice after returning from fieldwork when I had a better understanding of my case. In this sense I have built theories from below, i.e. I have reached for the theories that I believed would help me to structure and explain my case rather than trying to make my case fit into a pre-chosen theoretical framework.

Now that we have laid down the theoretical and methodological framework, it is time to dig deeper down in the case itself. The following chapter will describe the social and institutional contexts in Norway and Chile. It will also give a presentation of the salmon industry in Chile, including its origins and current challenges.

4. Background: Chile, Norway and Salmon

4.1 Introduction

This chapter will first give a presentation of the historical and institutional context in Chile. I consider this as essential information as this is the context in which the companies in the salmon industry operate. Further I will briefly discuss the Norwegian management- and CSR traditions. This is what forms the institutional framework that possibly influences the behaviour of the Norwegian owned companies, and I therefore regard this as relevant information for this thesis. Finally I will give a short presentation of the origins of Chile's salmon industry including some of its current challenges and characteristics. This information aims at giving the reader a better understanding of my case, and also a background for the understanding of CSR in a Chilean context.

4.2 Chile – Historical and Institutional Context

The latter part of the 20th century in Chile is marked by a distinct political and social polarization of the country that culminated in the instauration of the dictatorship of Augusto Pinochet in 1973. There were various factors that led up to this. Chile developed as a democratic state in the 20th century, and the middle classes were successfully integrated in the country's political life. However, the efforts to deal with the underdevelopment of the country economically and incorporate the working and farming classes into society failed to a large extent. The country witnessed a rapid population growth and an exodus of the farming classes into the big cities. This implied a growth of the marginalised sectors of society. The efforts of various institutions like CORFO⁵, ECLAC and political parties like la Democracia Cristiana contributed to the modernization of the country, but did not really solve the problems of the social polarization of the country (Cruz and Whipple 2002:544). When the democratically elected Salvador Allende from the left wing Unidad Popular took power in September

⁵ Corporación de Fomento, a governmental organization supporting the development of the private sector.

1970, the country was already facing a great political and social divide. Allende's reforms aimed at rectifying the social divides and improve the economical situation of the country. However, they were too radical for the opposition. This led the country into a crisis that culminated in the military coup lead by General Augusto Pinochet on the 11th of September 1973. Pinochet's rule would last until 1990, when Chile went back to being a democracy headed since by the social-democrat oriented coalition of political parties la Concertación de los Partidos por la Democracia, generally known as la Concertación. La Concertación consolidated itself as Chile's political leadership when its candidate Michelle Bachelet won the elections in the second round in February 2006. This led la Concertación into its fourth ruling period after the return to democracy. In the following I will describe the development of Chile's current economic model, and give a description of its most important characteristics. This information is important for the understanding of CSR in a Chilean context.

4.2.1 The Neo-Liberal Economic Model

Augusto Pinochet's military rule between 1973 and 1990 provided Chile with a new economic model that is still in use today, although it has been softened up to a certain extent. In the mid 70s Pinochet decided to seek help and advice to form the country's new economic policy from the so called "Chicago boys", a group of young neo-liberal economists with their background from the University of Chicago in the United States. They suggested the introduction of a market economy that implied a radical revision of the economic policy that Chile had followed since the 1930s. The main principles of the neo-liberal model were that the size, expenses and functions of the state had to be reduced to a minimum, and that the economy should be entirely based on a free market economy. The enterprises that were nationalized during the government of Salvador Allende were from 1975 and onwards privatized. Another important aspect of the new economic policy was the liberalization of the foreign trade which implied reduction of tariffs. Throughout the 80s, the privatization of social services like health, education and other welfare services continued. Chile suffered a severe economic crisis in 1982-83, but from the mid 80s the economy improved due to alterations that were made in the economic model. Between 1985 and 1998 the Chilean economy grew at an average of 7

percent per year (ibid:149) turning the country into one of the most affluent in the region.

The neo-liberal model has at some point since the 70s reined in most Latin American countries. However, it has not managed to deal with the steady growing poverty, social inequity and other social problems that most Latin American countries are facing today. This fact gave the opportunity for other political alternatives with more left-wing socialist ideas to develop during the 80s and 90s. At the time of writing this leftist trend manifests itself in countries like Argentina (Nestór Kirchner), Uruguay (Frente Amplio), Brazil (P.T.), Venezuela (Hugo Chávez) and in Chile with la Concertación (Panizza 2005). However, the orientation towards more left-wing political alternatives does not necessarily mean abandoning the economic models established by previous governments since none of these countries can afford the inflation previously seen. Thus, the challenge for many Latin American countries today is how to balance economic growth with social justice and participation. This is also the case for Chile. Although the government little by little is trying to assume a greater responsibility and deal with some of the social challenges the country is facing, like helping the many poor and to establish grants for those young who are not able to pay the university fees, the neo-liberal economic model still stands strong. Chile has ever since the days of the military rule favoured foreign direct investment and has created a very favourable legal framework to attract foreign capital. Some of Chile's most important economic sectors today are extractive natural resource based activities such as the mining industry, the forest and the fishing sectors, viticulture and in the last 15 years also aquaculture. Chile's export oriented economy is often described in the media as one of the healthiest and fastest growing in Latin America. However, although Chile's economy looks good on paper the country still struggles with serious social challenges. Chile's Gini coefficient⁶ for income distribution was 57,1 in 2005, not much better than the average for Latin America and the Caribbean in the same year which was 57,7 (UNDP 2005). Other challenges facing the new government of Bachelet are access to education, health and pension services.

⁶ The Gini coefficient is a measure of inequality of distribution, and is mostly used to measure income inequality. The Gini is a number between 0 and 1 where 0 equals perfect equality and 1 corresponds to perfect inequality. Norway's Gini coefficient was 25,8 in 2005 (UNDP 2005).

Although Chile has returned to being a democracy, the main economic principles in force continue to have their basis in the neo-liberal model. Its development strategy is still based on a free-market economy that is export driven and open to international trade and investment (Elvira and Davila 2005:150). Chile's current economic success in terms of GDP is probably why la Concertación has not dared to make any drastic changes in the country's economic model although it has its unfortunate side effects.

4.2.2 The Legacy of the Military Regime - Environment

The military rule in Chile offered a sustained economic growth. This did not come without costs however, as the environment suffered severe degradation due to the neglect of the environment during military years (Silva 1996:4). Measures that were seen as inimical to business, such as the care for the environment, were discouraged. The democratic governments following Pinochet must be credited for having identified and diagnosed environmental problems and for having created or strengthened public institutions to administer them. However, Silva laments that these institutions and the regulatory statutes that they govern are weak and inadequate at fulfilling the task at hand (ibid:2). One of the problems that led up to this was the lack of real citizen participation in the processes of making the Environmental Framework Law and creating the structure of the public institutions that were to administer and enforce this law. The Conama, the Chilean Environmental Commission, only has a coordinating role between the various ministries that are to administer the environmental framework law. However, these ministries are dominated by what Silva call "iron triangles" consisting of "...state policymakers, elected officials and the very business that the ministries regulate" (ibid:25). Due to the lack of trained personnel inside the ministries, consultants from the private sector were hired as advisers, consultants with tight connections to business. The return to democracy opened up for the environmental movement in Chile. However, this did not prevent that a considerable amount of the institutional power regarding the environment ended in the hands of those socio-political forces that wanted to keep the status quo from the times of the military rule as economic growth always had the highest priority on the political agenda (ibid:18). One of the challenges today is to build into Chile's policies incentives for methods to address the causes of environmental degradation and not to focus merely on the symptoms (ibid:2). In 1996 Silva stated that "...any significant changes in

environmental policy will probably have to wait upon future shifts in the political scene, meaning the electoral victory of a new government capable of distancing itself from, but not alienating, the business community” (ibid:3) Has this shift come now? Newly elected Michel Bachelet is placing environmental issues high up on her political agenda and took the first official step towards the creation of an environmental ministry in March 2006. Whether she manages to balance the need for further economic growth with an improved environmental policy remains to be seen.

4.2.3 The Legacy of the Military Regime – Labour

The pro-business orientation of Chile’s military regime created difficult conditions not only for Chile’s environment, but also for its workers. NGOs and academics point out that Chile today still is struggling with weak legislation and enforcement power in the labour field (Schurman 2001, Fundación Terram 2005a, PET [interview]). During the military regime a new labour market regime was introduced to favour economic growth and increase the flexibility of the market. Several measures were taken to liberalize the work market under Pinochet. The minimum salary was abolished, restrictions for contracting and sub-contracting and the sacking of personnel were either abolished or modified, and collective negotiations was delimited to take place within each individual company (Cruz and Whipple 2002:556). Pinochet’s rule further led to a serious rupture in the country’s trade union tradition. Freedom of association was abolished, and any strike prohibited. Pinochet was of the opinion that any disturbance from the unions would be disruptive for the economic development and political stability of the country, and this repression was therefore necessary (2002:556). The Labour plan of 1979 eased the situation for the labour unions to a certain extent. However, we see that some of the challenges the workers faced during the military regime were extremely low wages, lack of job security, harsh repression of the labour movement and poor working conditions (Schurman 2001:5). The local delegate from the Ministry of Labour in the Region of Los Lagos describes the impact of the military regime on the country’s labour relations thus:

Chile had a dictatorship for 17 years. One of the areas that probably has been most debated, and that suffered most consequences from the repression during the dictatorship

was the world of labour. The work legislation suffered huge transformations; they took away rights that had implied a long fight in Chile on behalf of the labour movement ever since the saltpetre industry and onwards⁷ (...) during the dictatorship the whole labour movement was severely destroyed (...) when we return to democracy in the early 90s we just start renewing the trust, the participation, the importance of the formation of trade unions (...) to lose fear.

With the return to democracy and consequent change in the political climate the situation for Chile's workers improved to some extent. The labour movement experienced a partial revival, and more employment led to some improvements in terms of salary levels and work conditions. However, Schurman questions whether this positive trend will continue. It is still the market that keeps laying the real premises for the labour market as economic growth all along has been the focus of Chile's policies. The unions are still weak⁸, and the government still embraces "labour market flexibility" (ibid:24). Furthermore, the harsh competition characterizing the export oriented sectors in Chile forces firms to cut costs, including that of labour. Hence the Chilean worker still finds himself in a vulnerable situation (ibid, PET [interview]). In the following I will examine the Chilean management tradition in a more historical perspective.

4.2.4 Chilean Management Tradition and CSR

The Chilean society was traditionally organized around the big estate – la hacienda - where the patrón had the responsibility for the workers of his estate. The traditional view of the hacienda sees it as a new-world version of the feudalism found in Europe. However, more recent studies see them as a hybrid between feudalism and free enterprise (Elvira and Davila 2005:78). A central issue here is that the workers at the hacienda were not captive subjects like in feudal Europe. Medina describes how during the times of the hacienda, social organization "...consisted of paternalistic relationships between the boss (el patrón) and the worker (el inquilino)" (Medina, in Elvira and Davila 2005:150). Paternalism has been described by many as a form of leadership that combines elements of benevolence with control of decision making (Archard, Kerfoot

⁷ The saltpetre industry was very important for Chile's economy in the latter part of the XIXth century and the beginning of the XXth when the country was the world's biggest producer of this commodity.

⁸ The membership rate in unions at the national level was 11.1 % in 2002 (Dirección del Trabajo 2006).

and Knights in Elvira and Davila 2005). Although paternalism originated in colonial times it seems to be a tradition that has prevailed into modern times, in spite of the new organization of society. Martínez argues for this point of view, and states that paternalism in an organizational context “... is a way of controlling employees through family imagery. The manager acts as a caring and protective head of the industrial household” (Elvira and Davila, 2005:77). The acts of the *patrón* are assumed to be benevolent, but the system also takes away some of the subordinates ability for decision-making (ibid). Many studies also point out that another key feature of paternalism is to provide for employees’ welfare. Martínez argues that modern HRM practices have their roots in the paternalistic management practices of colonial times (ibid:76). For centuries long before the term HRM was coined, there existed practices to manage and reward employees in Latin America, and Martínez sees these practices as the early roots of HRM.

I have earlier discussed that HRM in Latin America in many cases qualify as CSR. This is very true in the case of Chile, where the social services of the state are either lacking or do not keep a satisfactory standard. In this context, companies often provide benefits for their workers in addition to their salaries. Health insurances and basic education are two examples. Since this is nothing that is demanded by law, but still is expected, I will argue that these practices must be regarded as CSR. According to Martínez’ theory these management practices can be seen as a modern version of paternalism. Based on this we can say that the aspect of CSR that has to do with HR practices can be said to have its roots in the paternalism of colonial times. Thus, CSR is nothing entirely new to Latin America, and we can trace its roots within the continent itself.

4.3 Norwegian Society, Management- and CSR Tradition

In the following I will give a presentation of the national and regulative context of the private sector in Norway. I consider this as relevant information since this is the context in which some of the Norwegian companies in Chile were founded. Later we will see that some of the Norwegian companies in my case are influenced by these conditions, although they now run their operations outside of Norway.

4.3.1 The Regulatory Role of the State

The relationship between the private and public sector is in Norway regulated through organized political negotiations between the employers, employees and the authorities. Central for this relationship is the Basic agreement between the Confederation of Norwegian Business and Industry (NHO) and the Norwegian Confederation of Trade Unions (LO) which regulates the relationship between the associations of employers and the associations of the workers at a national level. Another fundamental principle is freedom of association. The only rupture experienced in the Norwegian labour movement was the one during World War II. Norwegian political life was for many years dominated by the Norwegian Labour party. Their ideology gave the state a central role in all affairs of society. Norwegian public institutions can be said to function quite well. They generally have the means that they need in order to do their job, and have not, at least not to a large extent, been degraded by corruption. In the last ten to fifteen years, the Labour party's hegemony has been broken and Norway has had several coalition governments. This however, does not mean that the mixed economic model has been replaced.

The aquaculture industry in Norway has for nearly 20 years been regulated through the Fish Farming Act and the Sea-Ranching Act which recently was replaced by the Aquaculture Act⁹. The aim of this act is to ensure that new activities are established in a responsible manner. The Act defines amongst other things the maximum biomass and fish density at the individual site, unlike in Chile. Further, it specifies the minimum distance between installations, and fallowing of sites after slaughtering or disease outbreaks (Fiskeri og Kystdepartementet 2006). The Act also tries to balance the different user interests in the coastal zones. A concession can be taken back under certain circumstances which are specified in the aquaculture regulations. The environmental aspect of the production is also regulated through the concessions. Any new concession must be approved by the local representative of the Ministry of the Environment before it can be issued. Labour conditions are regulated through the Working Environment Act, which applies to all employees in Norway. The

⁹ The new Aquaculture Act in Norway entered into force 01.01.2006.

environmental aspects of the industry are regulated through the Pollution Control Act. The main Norwegian institutions that regulate the activities of the aquaculture industry are the Ministry of Fisheries and Coastal Affairs which possesses the regulatory responsibility of the industry, and the Directorate of Fisheries which has the responsibility for the enforcement of laws and regulations.

4.3.2 The Scandinavian Management Model and its Values

In the management literature there is talk about “the Scandinavian” management model. This is based on the idea that the Scandinavian countries share a set of common values. The Nordic Council identifies some of these values as equity, trust, low power distance, inclusion, flexibility, respect for nature, protestant work ethic and aesthetics (Nordisk Ministerråd 2005). The following statement by Svein Sørvik, director of AquaGen illustrates a Norwegian manager’s perception of the worker;

“...We see the workers as a resource that should be invested in, considering that this gives more revenue, both economically and for us as human beings, both in the short and long term. There is a difference between Norwegian and Chilean company culture when it comes to this issue (...) We see workers as a resource, as an investment in the company...”
(Sørvik [interview]).

Sørvik seems to have kept the Norwegian attitude towards the worker although he now runs a company in Chile. However, it seems that the situation of working at the interface between two cultures that some company leaders find themselves in leads to the development of hybrid leadership styles where the Norwegian ideas are getting somewhat diluted. This will be further discussed in the analysis chapter.

4.3.3 The Norwegian CSR Debate

An increased number of companies with trans-national activity, and harsh critique of Statoil’s engagement in Nigeria in the mid 90s were amongst the things that led to a CSR debate in Norway. The question that was debated was what kind of responsibility Norwegian companies have when they operate abroad. One of the concrete results from this debate was the establishment of KOMpakt in 1997. KOMpakt is a consultative body which task it is to contribute to the discourse about Norwegian economical engagement abroad and human rights issues. The hope of the Norwegian authorities is that this will help the private sector when developing their strategies for investment and

engagement abroad. None of my findings indicate that KOMpakt itself has influenced the CSR profiles of the Norwegian owned companies in Chile. However, I will still present some of the central ideas from KOMpakt since I find them to be representative for what is understood by CSR in Norway.

In 2000 KOMpakt decided to develop a report about CSR and Norwegian economic engagement abroad. The aim of the report was to establish a common understanding about what CSR is about, and to clarify the different roles the various stakeholders play regarding social issues and challenges in the different countries where Norwegian companies operate. KOMpakt's idea about what CSR is about is very much in line with that of the WBCSD and the OECD. The business community is not separated from the rest of the society; hence the business community must work towards sustainability in the fields of both the natural and social environments (KOMpakt 2001, OECD 2005, WBCSD 2005). Actors from all sectors agree that trans-national companies as a minimum should follow international standards as set by ILO, OECD and the UN when operating abroad. If local laws and regulations are stricter than the international standards, then local law should be followed. Further, companies can voluntarily consider whether to implement an even higher standard than the local one. KOMpakt points out that it can be positive for Norwegian companies to apply a Norwegian standard in regard to environmental, security and health standards even when they operate in a country with lower standards than the ones they are used to from home. The reason they give for this is that this clearly marks the company's attitude towards these issues, regardless of which branch of the company we are dealing with. The salary levels of a company however, will differ across the world since the question of what is a decent salary will vary depending on the cost of living. Although it is pointed out in the report that rules and regulations play an important role when it comes to ensuring the fulfilment of minimum requirements, the voluntary aspect of CSR is still stressed, although vaguely. The KOMpakt report simply states that "...the authorities additionally [in addition to rules and regulations] should recognize the potential in the voluntary work that is performed in the business community to live up to the standards of the society and the businesses themselves" (Utenriksdepartementet 2001). A principle that clearly is established by KOMpakt is that Norwegian companies have a particular commitment when operating abroad because of their background in Norwegian laws and practices.

In the remaining part of this chapter I will present the development of the Chilean salmon industry and some of its current characteristics and challenges.

4.4 The Salmon Industry in Chile

The salmon industry in Chile established itself as the world's second biggest producer of salmon in a relatively short time span from 1985 to 1990 (Våge 2005, Iizuka 2004, Montero 2004). The fast development of this industry in the South of Chile has had both positive and negative impacts on the local environment and its peoples. I will in the following sketch out the development of the industry and also some of the externalities related to it.

4.4.1 Origins

Commercial aquaculture in Chile started in the 1960s with the cultivation of oysters and mussels, but it was not until the 1980s that aquaculture became a significant contributor to the country's economy. It was then discovered that the natural conditions of a coastal strip between the 41.4th and 54.4th latitude made this part of Chile suitable for salmon farming and Chile could then start to think of large scale production (Våge 2005:116). By the early 1990s Chile had managed to become the second largest producer of salmon in the world only beaten by Norway. The Undersecretariat for Fisheries in Chile explains the fast growth of the aquaculture industry in Chile partly through the fact that the industry received an important amount of foreign direct investment in the years of its establishment. 264,6 US\$ was invested in the fisheries and aquaculture sector in Chile between 1974 and 2000 out of which 70% went directly to the salmon industry (Subpesca 2006). Most of the production of salmon in Chile is today concentrated in the Southern region of Los Lagos close to Puerto Montt. The topography here offers sheltered sites with ideal water temperatures and salinity for salmon farming (Bjørndal 2002:98).

There are various explanations as to why Chile has become so successful when it comes to salmon farming, and many have compared Norway and Chile in order to explain this. Chile's natural conditions are already mentioned as very important, but there are also other important factors. Labour costs are lower in Chile than in Norway, and hence this should be one of its competitive advantages. However, this might seem

not to be the case according to Trond Bjørndal, a researcher at the Norwegian School of Economy and Business Administration. He points out that Norway as a high-cost country has been forced to making its production very cost efficient. More efficient work routines and a higher degree of mechanisation might be contributing factors as to why Norwegian production costs are not much higher than the Chilean ones (Bjørndal 2002). Bjørndal thus questions the idea that Chile has a competitive advantage because of their labour costs. Bjørndal states that although unskilled labour in Chile is still cheap unlike in Norway, the difference between Norway and Chile is not so big when it comes to operational staff and management. A research performed by Bjørndal and Aarland (1999) found that the Norwegian fish farmer spent only 10% more than his Chilean counterpart on labour (based on cost data from 1997). Thus it seems as if cost of labour alone cannot explain Chile's success in the export market. What does set Chile apart from Norway on the other hand, is that whereas Norway does not to a large extent concentrate on value added products and processing of salmon, Chile does. According to Bjørndal there are two reasons for this. There are high tariffs put on Norwegian exports of processed products to the EU. Further, labour cost is probably a cost advantage when it comes to processing of salmon, although it is not in the farming process. Measured in weight, the export of fillets to the US is larger than the export of whole fish (Bjørndal 2002: 114) Jonathan Barton from the Universidad Católica in Chile explains the country's capture of market share thus: "Unlike competing producers, Chilean production has remained free both from major external (i.e.opposition groups, legislations) and internal (e.g. disease, production) problems" (Barton 1997:314).

4.4.2 The Salmon Industry – a Cluster

The salmon industry in the South of Chile constitutes more than 200 companies (SalmonChile 2006). In order to understand the industry's approach to the issues of CSR, it is important to have a basic understanding of the diversity of the cluster and the way the supplier chain is built up. Of the more than 200 companies there are only somewhere between 25 and 30 that actually farm salmon. The remaining companies are providers of everything needed in order to produce salmon. Amongst the providers we find producers of salmon eggs and fish feed, providers of pharmaceuticals, transport companies, service providers in the fields of diving, sanitary conditions and catering, to

mention but a few. Whilst an actual salmon producing company can employ several thousands of people, we find many companies in the industry that only employ somewhere between four and six. Most of the companies in the sector are Chilean, although thanks to the favourable conditions the Chilean government gives to foreign companies we also find a few big firms with foreign capital. Amongst these are companies with Norwegian, Spanish and Japanese capital. A characteristic of the Chilean salmon industry is that it has been export oriented from the beginning since the domestic market is limited (ibid). 98 % of the production is today exported. Chile has been active when it comes to negotiating free trade agreements. This has led to agreements with the EU, APEC, NAFTA, and most currently with China. These agreements benefit the non-Chilean as well as the Chilean companies. The main markets of the salmon industry today comprise the United States and Japan, and to a certain extent also the European Union.

Cecilia Montero has described the salmon industry in Chile as a cluster, where cluster is understood as a geographical concentration of companies that possess certain competitive advantages partly through their co-location and partly through the strategic links between the various companies in the value chain (Montero 2004:6). My impression is that we indeed are dealing with a highly organized and co-ordinated sector, which shares many of the same characteristics, challenges and interests. This is why it is possible for me in the next chapter to make certain generalizations about the CSR initiatives of the industry and what influences them.

4.4.3 The Role of the Chilean Authorities

There has existed a legal framework for the salmon industry since its very beginning in the mid eighties both in the environmental and labour fields. As a matter of fact, the aquaculture is claimed to be one of the most regulated sectors in the country. In the following I will present the most important legislation for the aquaculture activity in Chile. The General Law of Fisheries and Aquaculture of 1991 (Spanish acronym: LGPA) is the legal framework that regulates all types of fishery and aquaculture activities in Chile. The law demands that a concession or authorization must be given before any cultivation activity can start. The concession or authorization is limited by geographic coordinates and gives permission to perform aquaculture within the

specified area. A concession lasts in theory forever, but can be taken back under certain circumstances (cf. article 11, LGPA). In contrast to Norway, there is no limitation in terms of volume in the production facilities. Further, the law regulates operational conditions, health standards, decides the size of fish farms and regulates the import of species. The Environmental Framework Law (Ley General del Medio Ambiente) regulates the environmental aspects of the industry. The law demands that an environmental impact assessment (EIA) must be undertaken before any activity is initiated. This is to make sure that the new activity complies with the demands in The Environmental Regulation System. The EIA must be evaluated by the COREMA, the local environmental committee, in the region of Los Lagos, and recognized by them before the activity starts. The Work Environment Act, last revised in 2002, regulates all aspects relating to labour of any economic activity in Chile. This law regulates issues like work contracts, working hours, breaks, holidays, maternity rights and the freedom of association. The government also sets the minimum wage level. The current minimum wage level is 127.500 Chilean pesos, which equals about US\$ 246 (PET [interview]).

In Chile there is legislation in place to regulate the industry. However, one serious problem cited by most of my informants is the lack of governmental resources to follow up with the enforcement of these laws. Weak enforcement, which again allows bad practices in parts of the industry, thus constitutes a problem still (Silva 1996, Fundación Terram, Écoceanos, Barton [interviews]). Barton explains that article 74 of the LGPA deals with the environmental aspect of the aquaculture activity and states that the activity can be shut down if it is not in accordance with the regulations. A problem however, is that nobody really applies this law. Barton asks: “Who’s monitoring? Who’s taking the companies to court? Why is this article in the legislation if nobody really applies it?” ([interview]) Further he asks whose job it is to study the impacts of the industry. The industry? The government? The NGOs? Right now he explains that there is a problem to decide what the responsible authority is. The navy is responsible for the ocean, and the Conama for the main land. However, Barton does not believe there is a real chance that the navy will ever worry about the environmental impacts of the salmon industry. Guiliana Furci from Fundación Terram laments what she calls the delegation of the enforcement aspects of the industry.

SalmonChile is in this moment developing a program called SIGES at their salmon institute. This is really a program created by the industry to regulate the very same industry [...] with the aim of certifying the companies once they have fulfilled the program. This is a program that the industry is carrying out to help the affiliated companies to comply with the regulations, and they have also added some themes regarding good practices. But there is no counterpart to it, no actor outside the industry to analyze. It's all internal [...] self-enforcement with the aim to certify, with the aim of getting a product that is easier to sell... (Fundación Terram [interview])

Although the Chilean authorities always have tried to play a supportive role for its industries, there have been those companies within the industries that have been negative towards the enforcement aspect and seen it as an obstacle to their business activities. However, this seems to be changing. Chile has been an observing member of the OECD since 1996 and now aspires to becoming a full member. Chile's export oriented economy and the demands from the FTAs seem to put a pressure on Chile towards raising their environmental and labour standards. There seems to be a raising awareness in the salmon industry that a more active participation on behalf of the government actually can be beneficial to them. An informant from the National Fisheries Service states the following:

...I would say that the industry today is much more concerned with these issues that we talked about earlier [environment and labour conditions]. They see it as a heel of Achilles and a need. For the same reasons they are better prepared for the enforcement aspect as well. Earlier they saw the participation of the state as a problem. Now I think many see it as a support (Sernapesca [interview]).

A representative from SalmonChile supports this view thus:

There was a very antagonistic relationship between the industry and the authorities before. The industry thought that the authorities only were there to control them and create problems. This has changed quite a lot. Now the industry recognizes to a larger extent the service that the state has to offer, the role that the state can have. For instance, when we had the problem with the Malaquite Green in Holland the Chilean state could act as a guarantor for the industry. The state can be the guarantor, and this is good for the industry. (SalmonChile [interview])

We have also seen that the Chilean authorities have changed their role from merely being concerned with enforcement and control towards a more direct influencing role where partnership agreements with the industry are central. A national policy on aquaculture was promulgated in 2003, and clean production agreements were here established as a method of working towards the principle of environmental sustainability in the aquaculture industry (Subpesca 2006). In the salmon sector, the

Clean Production Agreement which will be discussed more in detail in the next chapter is the best example of such partnerships. Several company representatives expressed satisfaction with its results. The informant from AguasClaras states: "...the Clean Production Agreement was a good experience for us as a company. The objectives that were established in the beginning were established 100%..." (AguasClaras [Interview]). Although satisfied with the result of the agreement, the same representative still points out the lack of governmental resources as a challenge when assessing it:

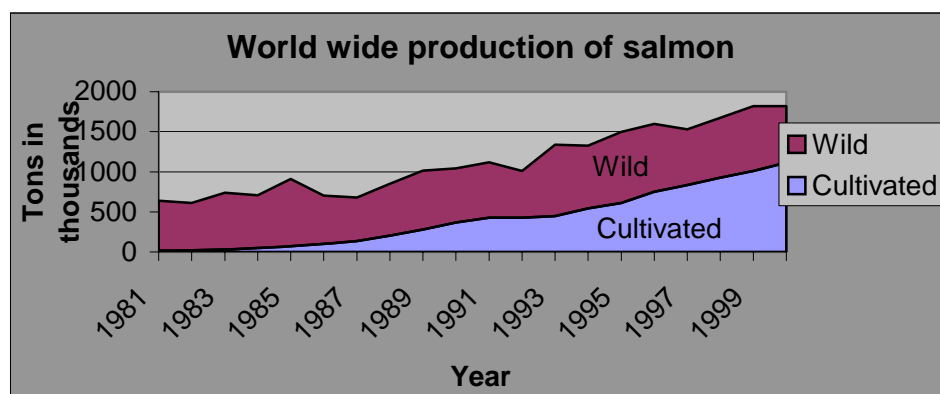
... I regard the absence, or scarce collaboration on behalf of the authorities regarding the aim of reaching the objectives as a result of the decay in terms of resources in some of the agencies that are relevant for the regulation of the sector. Especially in the case of the Sernapesca. This is a very important body, and it is not perceivable that they have the necessary means to fulfil their role in a qualitatively good way (AguasClaras [interview]).

The Conama, the Chilean environmental agency, is another governmental body that according to some people need more power in order to play a more active role in the environmental field. The way it is organized at the time of writing the Conama only plays the role of coordinating the activities in the various miniseries that relate to the environment. Many people think that in order to do a better job the Conama needs to be given extended powers and also be given the status of a ministry so that they can sanction against perpetrators¹⁰.

4.4.4 Benefits and Externalities from the Salmon Industry

The Southern part of Chile used to be one of the poorest in the country, but the establishment of the salmon industry has led to the development of new and modern infrastructure and has given jobs to about 45 000 people in the region directly or indirectly (SalmonChile 2006). Most local people I talked to during fieldwork did not deny that these are major contributions to the development of the region. According to statistics from FAO, the consumption of farmed salmon is in steady growth and this is by many believed to ensure the future existence of the industry as long as a steady provision of fish feed is ensured.

¹⁰ The newly elected government in Chile wishes to raise the status of the Conama to that of either sub-secretariat or ministry. The aim is to give Conama executive and not only advisory power.



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source: Food and Agricultural Organization (FAO)

However, the future sustainability of the industry will according to several researchers depend on how the industry handles its social and environmental impacts (ECLAC 2004, Barton 1997). These issues are debated both amongst academics and local NGOs.

Some of the concerns regarding the environment are the discharge of nutrient salts and organic materials from cultivation centres, contamination from chemical treatments, salmon escapes and attacks from salmon lice and other deceases. It is proven that intensive aquaculture may affect the seabed under the installations. This is a result of the fact that the sedimentation of waste and the dispersion and decomposition rate is not high enough (Fiskeri- og kystdep 2005). A problem in Chile is a lack of scientific evidence and reliable data regarding the consequences of the aquaculture activity (Iuzuka 2003:17, Silva 1996:13, Barton, Furci [interviews]). It is for instance difficult to get access to the seabed under the cages at the cultivation centres to take samples and thus find out exactly how harmful the activity is for the environment (Fundación Terram, Écoceanos, Barton [interviews]). Without more concrete data policymakers lack fundamental information on which to base their policies and NGOs have no starting point for a real dialogue with the industry. NGOs are also concerned by what they consider as the exploitation of Chile's natural resources by multinational companies that are not obliged to pay for their use (Écoceanos [interview], Fundación Terram 2005a).

The other aspect of the salmon cultivation activity that is constantly under debate is its labour conditions. NGOs debate what they consider as "social dumping" within the industry. Some of the breaches of the regulations pointed out by the NGOs

and also to a certain extent by the authorities are lack of hygiene and security measures for the workers, lack of proper work contracts, the workers work too many hours or do not get the breaks they are entitled to. It is also pointed out that parts of the industry work against the formation of unions, and in certain extreme cases even shut out those workers who are known for having joined the union (Fundación Terram 2005b, PET [interview]). The local delegate from the Ministry of Labour describes that we find different kinds of practices in the industry:

Now, I believe that the sector is heterogeneous. I don't believe that all the companies have appalling numbers of infringement. I think that there are many companies today that make a tremendous effort in terms of becoming companies at the highest level [...] I see that they invest energy and resources to keep improving. I have known workers that talk very well about some companies, companies with Chilean capital, ok...? There might be a conflict at the work place, but that conflict will be dealt with in a good way. It is possible to talk about it. But there are other companies that have horrifying authoritarian features, simply because of an issue of company culture... ([interview])

Another factor that concerns the NGOs and the trade unions is the system of sub-contracting. Fetrasal, a trade union-federation within the salmon industry, regards the effects of the sub-contracting system as one of the major problems for the workers in the industry (Fetrasal [interview]). The salmon producer in the early days of the industry did everything itself. The trend is that most salmon cultivators now outsource many activities so that they can focus more on sales strategies and marketing. This is problematic according to the NGOs and research foundations, because it is more difficult to decide where the responsibility for a worker lies when a breach of regulation or an accident happens. Consequently workers often find themselves in a situation where nobody takes responsibility for them when an accident occurs. Finally, another critical aspect in the salmon sector is the low income level (PET [interview], Fundación Terram 2005). It is not easy to find data about the average income level in the industry, but a survey performed by Fundación Terram shows that 80% claim they earn less than 200.000 Chilean pesos a month, and 43% declare they earn less than 150.000 pesos a month. This is not a high salary level, when considering that it would cost about 70.000 pesos a month to have one child in a kindergarten. The companies might be keeping within the Chilean law by staying with the minimum wage level for their workers¹¹, but

¹¹ The minimum wage level was 127.500 Chilean pesos, or about USD 246 in 2005 (Biblioteca del Congreso Nacional de Chile 2006).

the question the NGOs raise is whether this is a standard that can be defended morally. According to PET, a family of four is not able to survive on one minimum salary, it would need four ([interview]). The result is that the workers need to work extra hours simply in order to make a decent living, often in processing plants with repetitive movements that eventually gives them injuries. It is worth noting that these are general trends that do not necessarily apply to every single company within the industry. Some of the big salmon producers are for instance known for paying their workers well above the minimum wages.

We can conclude that the salmon industry has contributed towards the development in Chile's Southern regions in a positive way in many respects. However, there are still some challenges to overcome. An interesting question is whether the industry will be able to handle them on its own through CSR measures and other means, or whether a more direct governmental regulation and control of the industry will be necessary.

5. Chilean Salmon Industry and CSR

We still have a lot to do here [in Chile] in terms of social justice. What we would like then, is that the employers first of all define the concept of CSR as something relating to their own workers, before they go and give money to the local orphanage. This is also important, but they have to begin within their own company.

(The local delegate from the Ministry of Labour, region of Los Lagos)

5.1 Introduction

Many of my informants claim that there has been a heightened focus on CSR issues in the Chilean salmon industry in the last three to four years. In this chapter I will first describe the most common CSR measures currently found concerning the two CSR indicators I have chosen to focus on, labour and the environment. The measures can be said to be common to a large part of the firms within the sector. Secondly I will give a presentation of the companies I have studied more closely and the CSR measures implemented by them. The salmon industry in Chile is a unified sector that shares many of the same characteristics, challenges and interests. This makes it possible to make some generalizations about the industry and their approach to and motivation for CSR. However, there are still differences between the various companies within the cluster. The companies that I present here will hopefully illustrate some of these differences and further help me to discuss why these differences appear in the first place.

5.2 Common CSR initiatives in the Chilean Salmon Industry

I would like to remind the reader that what can be considered as CSR will vary in a cross country context. The reason for this is that legal frameworks will vary and the authorities' ability for enforcement will not be the same in all countries. As a result what is considered as a CSR measure in one country might be a legally mandated practice in another. The European commission defines those practices that "go beyond companies' existing legal obligations" (European Commission 2005) as CSR. I will argue that in those institutional contexts where the enforcement of laws and regulations is weak, we should further refer to those voluntary initiatives which aim it is to help the

company complying with rules and regulations as CSR. If the enforcement is weak, then complying with the law is in reality a voluntary measure. As seen in the previous chapter, we can argue that we in Chile's case are dealing with such a situation of weak enforcement. This is why I in this study have included not only those measures that directly go beyond the companies' existing legal obligations, but also those that aim at increasing the compliance with the regulations, such as the Clean Production Agreement.

5.2.1 The Clean Production Agreement

The Clean Production Agreement is a partnership agreement between various governmental agencies in Chile and 48 of the companies from the salmon industry. The agreement mainly deals with the issue of clean production methods that aim at reaching a sustainable development of the aquaculture activities. The agreement came into place as an attempt to help the industry complying with the rules and regulations in the field. It defines a set of 40 measures that aim to prevent contamination from liquid and solid industrial residues in processing plants and cultivation centres, and to improve health and safety conditions at the work place. The agreement was signed 6th of December 2003 and the measures were set to be fulfilled in the course of 24 months. The participation in the agreement was voluntary for the industry, but in addition to SalmonChile, most of the big salmon producers chose to participate. Of the most important participating governmental agencies we find the Sub-secretariat of Fisheries, the National Fisheries Service of the region of Los Lagos, the Health Service of the Llanquihue, Chiloé and Palena provinces, the Regional Commission of the Environment in the region of Los Lagos and the Superintendency of the Sanitary Services. The active agreement period expired in the autumn of 2005, and 11 out of the companies that fulfilled the aims received certifications as proofs of participation.

5.2.2 SIGES

SIGES is a management tool created by Intesal, the Technological Salmon Institute that forms part of SalmonChile. Its aim is to "...guarantee the accomplishment of the national and international regulations and good practices in terms of Quality, Environmental management as well as workers health and security" (SalmonChile

2006). SIGES establishes the necessary conducts and standards that should be followed in order to reach this aim. The inspiration for SIGES comes from the tendencies and demands in the international markets regarding food safety, sustainable production and social responsibility. Implementing SIGES is voluntary, but 17 of the companies within the industry have until now chosen to do it. The full integration of the program with consequent auditing visits from independent consultants will lead to a certification of the company.

5.2.3 Global and Local Certifications

More and more companies in the industry choose to certify their production processes and products. This is seen as important for ensuring the quality of the product and the production processes for the end markets. The technical manager at Fjord Seafood explains that in the early days of the industry there was certain interest for implementing the ISO standards like the ISO 9000¹² and ISO 14000¹³. The tendency today is to implement more integrated standards that cover the management in terms of quality, environment and occupational health and security. Wal-Mart, one of the world's biggest retailers, has decided that from 2007 and onwards they will only buy salmon from those Chilean based companies that are certified with the SIGES. Due to the importance of the US market the SIGES is thus establishing itself as the most important standard for the companies to have. Most of the big salmon producers have now implemented the SIGES and aspire towards achieving the SIGES certification in the near future. A few companies have in addition achieved ISO certifications.

5.2.4 Implementation of New Technologies

One of the ways in which the industry is trying to limit the negative impacts on the environment of the salmon production and processing is through the implementation of new technologies. This is nothing the industry is obliged to do, but nevertheless, many companies see it as important. One of the negative consequences of salmon production

¹² The ISO 9000 family is primarily concerned with quality management (www.iso.org).

¹³ The ISO 14000 family is primarily concerned with environmental management (www.iso.org).

is the liquid residues stemming from processing and pisciculture plants. Chilean law demands that such liquid residues must be treated before the waters are released back into nature. The most common form of water treatment plants use chemicals to clean the waters. Fjord Seafood is one company that in addition voluntarily has built organic water treatment plants that are even friendlier towards the environment than the chemical type. A few companies have also voluntarily built pisciculture plants that recycle and reuse the water needed for production. This way they drastically reduce the amount of water taken from the nearby rivers for production. The feeding process is another area where we see an increase in the implementation of new technologies. Manual feeding is still common at many production sites. However, automatic feeding systems are being installed more and more often. These are more environmentally friendly because they can limit the amounts of fish feed to the exact amount needed at the particular fish farm. This limits the organic waste released in the ocean or the lakes where the fish farms are located and thus reduces the impact on the environment.



Photo: Liv Bird

Manual feeding at a fish farm in the Rapunco Lake near Puerto Montt.
More and more companies now install automatic feeding systems.

5.2.5 Complementary Welfare Benefits

We see that in Chile achieving basic things in order to live a decent life is a challenge for many citizens. We will therefore find complementary welfare benefits amongst the most important CSR measures in the industry. The director of the Labour Inspection Authority in Puerto Montt explains that in their use of the term CSR they distinguish between internal and external CSR. External CSR is understood as measures regarding the company's surrounding community, like giving contributions to the local orphanage

or football team. Internal CSR is understood as the measures aimed at improving the social and environmental conditions within the company. Both the director of the Labour Inspection Authority and the local delegate from the Ministry of Labour agrees that the focus of the companies should be to adapt a more proactive attitude towards internal CSR ([interviews]). This is understandable in a socio-economic context like the one found in Chile.

The Chilean state provides a minimum level of welfare benefits, including health and pension insurances and basic education. However, the quality of these services is known for being rather poor. Those Chileans who can afford it therefore try to complement these basic public services with additional private insurances and services that are paid for either by themselves, or by the company they work for. A good employer in Chile is as a minimum expected to pay for additional health insurance and additional pension insurance for his employees. The big companies that manage large human resources and employ many unskilled workers, are also expected to offer such things as basic education and literacy courses to those who need it, transport to and from production plants and meals during work hours. We see that the demands for CSR are greater in those fields where the State does not contribute with satisfactory services.

5.3 The Companies in The Study

5.3.1 Aguas Claras

Chilean owned Aguas Claras covers the complete productive process of salmon, from the development of the eggs, salmon farming, processing and sales. In terms of value added food production they are the biggest producer in the industry.

CSR measures related to labour conditions:

Aguas Claras seem to have a positive attitude towards its workers, and is aware of several of the challenges that they might be facing in their daily lives. Aguas Claras has externalized many of their work tasks. However, part of its management system aims to keep control with the contracting companies to make sure that they comply with rules and regulations concerning workers rights, health and safety. They state that their

responsibility for the workers does not diminish although they are sub-contracting ([interview]). Part of the strategy of Aguas Claras is to face the environmental challenge through the implementation of new technologies. One of its consequences is that there is no longer a need for the same work force. Aguas Claras is aware of this problem and actively tries to re-educate and find new jobs within the company for those workers that become redundant because of the implementation of new technologies. Aguas Claras claims to have good relations with its union, and collective negotiations are performed. Workers with no or little education are provided with a minimum level of education.

CSR initiatives relating to the Environment:

- Aguas Claras attempts to deal with environmental concerns through the implementation of new technologies, like e.g. automatic feeding systems.
- ISO 14000 certification.
- Signed up for the Clean Production Agreement (APL) in 2003.
- Associated with SIGES since 2004

5.3.2 Aqua Chile

Chilean owned Aqua Chile is today the biggest producer of salmon in Chile. The company covers the complete productive process of salmon, from the development of the ovas, salmon farming, processing and sales.

CSR measures related to labour conditions:

Aqua Chile claim they are aware of the responsibility for the third part, and they have the control with the sub-contractors as part of their managing scheme. They recently started an education initiative with emphasis on literacy programs.

CSR initiatives relating to the Environment:

- Associated with Siges since 2004
- APL since 2003.
- Currently implementing ISO 14000.

5.3.3 AquaGen Chile

Aqua Gen is a subsidiary of the Norwegian company Aqua Gen A.S., which is a breeding company for Atlantic Salmon and Rainbow Trout. The Chilean subsidiary imports salmon and trout eggs from the Norwegian mother company. The current general manager is the Norwegian Svein Sørvik. The company has five employees.

CSR measures relating to Labour Conditions:

AquaGen provides their employees and their families with additional health insurance. Employees receive extra bonuses for any good results they've achieved each year. The salaries are on average higher than other companies in the region. All employees are encouraged to attend any courses that are related to their job activities at the company's expense. Further, a couple of the employees travel to Norway once a year to keep in touch with the mother companies activities there.

CSR initiatives relating to the Environment:

AquaGen is not currently responsible for any production in Chile, and it has therefore not been necessary for them to implement any special environmental precautions just yet. The company is planning to start production in Chile sometime in the future, and will then as a starting point follow all the local environmental regulations in Chile.

5.3.4 Fjord Seafood Chile S.A.

Fjord Seafood Chile is a subsidiary of the Norwegian group Fjord Seafood ASA. Their activities in Chile comprise farming, processing and sales. All operations in Chile are currently led by the Dane Torben Petersen. The company was founded after a merger of the two Chilean companies Salmones Tecmar S.A and Salmoamerica Ltd. in October 2000. The company employs about 3000 people. Fjord Seafood has an extensive human resource program based on the idea that a good employer should provide the basic services for his employees that society does not provide. Their wish is to create an inclusive and a decent work place (Fjord Seafood [interview]).

CSR measures relating to labour conditions:

Initiatives directly related to the work place include meals during work hours, transport to and from the production plants and work clothes. The company has what they call an inclusive workplace philosophy. By this they mean that nobody should be excluded from the work place because of their ethnic background or religion. Further the company sometimes hires people over 50 years old, who oftentimes have trouble finding work in Chile because of their age. Fjord Seafood also hires people with very little, or no education at all. Fjord then later provides courses of basic education for these workers to increase their skills. Fjord claims to have a very good relationship with the union of their employees, and provide them with an office they can work from. One of the critiques that much of the industry is faced with is the tendency to externalize work tasks. This system is blamed for the exclusion of workers from more formal work conditions. Furthermore most of the incidents of non-compliance with the work regulations are found in the subcontracting sector. Fjord makes an effort to hire directly as much as possible. Only guard and chef services are outsourced tasks. Other CSR initiatives that are more directed towards the workers private sphere comprise:

- Extra maternity benefits: room for breastfeeding. Mothers are given extra days off for medical examinations of their babies.
- Fjord Seafood has a Social Action Committee that works in three areas:
 - 1) Formal education. The company offers help to organize a minimum level of schooling for those employees that lack this. The employees that cannot read or write properly are given the opportunity to attend literacy programs.
 - 2) Civil education. The company organizes preventative courses relating to drugs, alcohol, family violence, chronic diseases, family budget and sex education. These are all important areas where civil education in Chile is lacking (Sandoval [interview]).
 - 3) External CSR. Program that helps selected orphanages in the region with whatever they lack, e.g. clothing.
- Welfare program with voluntary membership. The membership costs 1,5% of the worker's salary. Benefits include health insurance, dental care, extra financial aid in the case of death in the family and towards the education of the employees' children.

-
- Culture and sports groups are organized by the company, which also provides e.g. sports grounds and localities where the groups can practice.

CSR measures relating to the environment:

- Signed up for the Clean Production Agreement (APL) in 2003.
- Associated with the SIGES since 2003.
- The Río Blanco pisciculture water recycling plant.
- Organic water treatment plant at the salmon processing plant in Puerto Montt.

5.3.5 Mainstream Salmones y Alimentos S.A.

Mainstream Chile is part of the fully integrated Norwegian Cermaq group. Company activities in Chile consist of farming, processing and sales. The operation is currently led by the Chilean Ricardo Klaassen. The company was founded as a Chilean company, and was bought up by Cermaq in November 2000. Mainstream currently employs 2390 people (Source: Cermaq). Cermaq has been kind enough to send me the answers to my questions, but Mainstream did unfortunately not meet me for an interview which has made it difficult for me to gather more exact data about them.

CSR measures related to labour conditions:

According to practically all my informants Mainstream's CSR initiatives relating to labour are well below the expected from employers in Chile and they keep a hard line towards their workers. Several informants claim that Mainstream traditionally has had a very sceptical attitude towards the formation of unions. There is now a union, although my informants tell me that the union leader still does not dare to meet with the other union leaders for common meetings. Other complaints are low salary levels in addition to lack of transport, meals and educational initiatives. Cermaq report that they in 2004 initiated a partnership agreement with the Chilean authorities regarding the work environment (Cermaq 2004). The agreement bases itself on the principle of self revision. It has not been possible to find written information about the outcome of this agreement.

CSR measures relating to the environment:

- Cermaq's mission statement is sustainable aquaculture. According to their website, some of the initiatives in order to fulfil this mission statement include development of energy efficient processing plants, introduction of direct fired gas fuel dryers and energy recovery systems for air (www.mainstream-group.com).
- Signed up for the Clean Production Agreement (APL) in 2003.
- Associated with the SIGES since 2003.
- According to my informants outside of Mainstream, the company is concerned with environmental sustainability. They are apparently in the process of developing indicators to measure the sustainability of their production as a means to increase their sustainability.

5.3.6 Pharmaq AS Chile Ltda

Pharmaq AS is a veterinary pharmaceutical company founded in July 2004 after the acquisition of Alpharma's aquatic business unit. The activities of the Chilean branch consist of distribution and sales. The company has five employees.

CSR measures related to labour conditions:

Pharmaq has additional insurances for all their employees. All employees are encouraged to attend any courses that are related to their job activities at the company's expense. Courses of English, informatics, marketing and technical courses relating to the pharmaceutical business are amongst the themes.

CSR initiatives relating to the Environment:

All production of pharmaceuticals take place in Norway, so the environmental concerns regarding the manufacturing is not an issue in Chile itself. However, all the final products are claimed to be innocuous to the environment as the final product are destined for human consumption.

5.4 Summary – Companies

The chart below summarizes some of the main characteristics of the companies in the study.

Name of Company	Ownership	Size of Company	CSR measures – Environment	CSR measures – Labour
Aguas Claras	Chilean	Large – more than 1500 employees	- Technologies - ISO - Siges - APL	- Siges - Education Incentives
Aqua Chile	Chilean	Large – more than 1500 employees	- Siges - APL - ISO	- Siges - Education Incentives
AquaGen	Norwegian	Small – less than 10 employees	No production in Chile	- Insurances - Education Incentives
Fjord Seafood	Norwegian	Large – more than 1500 employees	- Technologies - Siges - APL	- Extensive welfare package - Education Incentives - Civil Education - Siges
Mainstream Chile	Norwegian	Large – more than 1500 employees	- Siges - APL - Sustainability Indicators	- Siges - Partnership Agreement
Pharmaq	Norwegian	Small - less than 10 employees	No production in Chile	- Insurances - Education Incentives

5.5 Conclusion

This chapter has aimed at presenting some of the most recent trends regarding the CSR measures in the Chilean salmon industry. As discussed in the previous chapter there are differing opinions about the social and environmental sustainability of the Chilean salmon industry. My main focus in this thesis is not to evaluate the CSR measures of the industry, but rather to understand the factors that make them come about in the first place. This task will be the main purpose of the following chapter.

6. CSR Measures in the Chilean Salmon Industry – Explanatory Factors

We are not interested in walking behind [the companies] as police, do you see? Not at all. We are interested in creating a culture of dialogue, a culture of collaboration, a culture of respect for the labour legislation. In Chile this does not exist, but it is under construction.

(Local delegate from the Ministry of Labour, region of Los Lagos)

6.1 Introduction

Several of my informants informed me that the focus on CSR has grown stronger in the salmon industry in Chile in the last three to four years. Most of the bigger companies now seem to have if not an explicit strategy, then at least a conscious attitude towards CSR related issues. In my thesis I ask the question what explains these CSR measures. As a secondary question I ask whether the CSR profiles of the Norwegian owned companies are conditioned by their Norwegian ownership. These are the questions I will try to answer in the present chapter. In my theory chapter I explained how I expected the explanatory factors to follow both a logic of consequence and a logic of appropriateness. According to the logic of consequence CSR measures are implemented when they are thought to help the company to make better business. From a logic of appropriateness perspective, CSR measures will have their explanation in the prevailing norms and values of the individual's or the company's institutional surroundings.

The chapter will follow the theoretical divisions outlined in the theory chapter. Under rational explanatory factors we will find market demands and the influence from free trade agreements. The normative institutional explanatory factors follow the division of the internal and external levels. Amongst the factors on the external level I will focus my attention on the influence from NGOs, from the interest organization SalmonChile and from the prevailing norms and rules of the Norwegian and Chilean societies. Under internal institutional factors we will discuss company culture, leadership and unions. Additionally we will find two independent explanatory factors that fall outside the established theoretical framework. The two are maturity of the industry and size of company. I will now turn to the rational explanatory factors.

6.2 Rational Explanatory Factors

The rational organization perspective regards the actor as a rational being whose behaviour is conditioned by formal structures and rules. Decisions are made following a logic of consequence, where the actor chooses the alternative with the most desired outcome after closely having considered the consequences of all alternatives for his actions. In the theory chapter I explained how CSR measures in the light of the rational perspective are likely to have their explanation in the prospects of increasing the economic gains of the company. The *raison d'être* of any company is to produce profit for its owners, and it is therefore likely to behave in a way that reaches for this aim. I concluded that we according to this perspective would be likely to find that Norwegian ownership has no influence on the companies' CSR profiles because norms and values here are irrelevant. Hence, CSR measures are in this perspective implemented after economical and not ethical considerations.

The two explanatory factors I will present in the following are market demands and free trade agreements. These two factors are mentioned by all my informants, regardless of stakeholder group, as important reasons for why the salmon industry in Chile focuses on CSR issues. Considering that all the companies in the industry operate under the same conditions, these factors are valid for both the Norwegian and the Chilean companies. I have earlier stated that the theoretical divides I apply in this thesis are not absolute and rather must be seen as a tool for sorting out a complex reality. It is important to keep in mind the link between the rational and the normative institutional perspectives. What is considered rational will be conditioned by the institutions that the actor is surrounded by. Rational and institutional forces can be said to work simultaneously. I will discuss the influence of market demands on the companies' CSR profiles before I turn to the issue of free trade agreements.

6.2.1 Market Demands

A report from ECLAC states that consumer and market demands are a main explanatory factor for the development of CSR in Chilean export industries (Correa et. al 2004). My own findings show that the Chilean salmon industry is a great example of this. One of the industry's main characteristics is that it has been export oriented from its very beginning. Today, about 98% of the total Chilean production of salmonids is exported,

and the salmon industry is the fourth biggest export sector in the country (SalmonChile 2006). In short “...salmon in Chile equals export...” (SalmonChile [interview]). Japan and the United States are Chile’s two major markets for salmon. In 2004 these two countries received approximately 78 % of the production, whereas the E.U. received approximately 6,7 % (SalmonChile 2006). The one thing that all the people I spoke to agreed upon, was that demands from buyers and consumers in the end markets has forced the industry to focus more on CSR related issues. Hence, there seems to be very little doubt about the fact that the nature of the salmon industry in Chile as an export oriented sector and the demands from the export markets is a key factor in explaining the CSR measures of salmon producers in Chile. One type of CSR initiative undertaken to satisfy market demands is as we have seen certifications. An informant from the Conama, the Chilean environmental agency, pointed to the trend amongst salmon producers to certify their products and processes as part of the strategy to achieve a competitive advantage in the buying markets (Conama [interview]). The big salmon producers seem to be more concerned with the implementation of standards than the smaller companies further down in the supplier chain. This is not surprising as the big companies are the ones that are in direct contact with the buying markets, and thus feel a stronger direct pressure to certify their products and processes than the companies in the supplier chain. Other CSR measures might have a more direct positive impact on the environment. Fjord Seafood’s organic water treatment plant at their processing plant in Puerto Montt is one example. Water residue from fish processing must according to Chilean law be treated before it is returned to nature. The most common kind of treatment is through the use of chemicals. However, the organic water treatment plant like the one found at Fjord Seafood’s processing plant saves the environment from the use of chemicals.

The consumer, especially the American one, is by the industry perceived as demanding in terms of quality of the product and environmental standards. The industry has learned its lesson about what can happen if the demands of the end markets are not respected the hard way. In 2003 the illegal substance green malachite was found in a salmon shipment to Holland. Green malachite was earlier used to treat fungus in the salmon, but was internationally banned when it was discovered that it is cancer provoking. However, it might still be tempting for certain producers to use the product because of its low cost compared to the legal products. The same year antibiotics above

the legal levels were found in a shipment of Chilean salmon in Japan. Chilean authorities had to use a great deal of diplomatic skill in order to re-establish the international trust in the Chilean product and assure that incidents like these would not happen again. Several informants claim that they believe most salmon producers now recognize that incidents like the green malachite scandal will hurt the whole industry and not just the one salmon producer that has illegally used the product. Incidents like this have contributed to the fact that the issue of traceability and labelling has gained importance in Chile in the last few years (Iizuka 2003). An informant from the Sernapesca, the national fishery service, states that the industry "... has realized that our strength in selling the product abroad is connected to the fact that we have a clean environment" (Sernapesca [interview]). To keep high environmental standards is thus perceived as a rational measure for the companies since it has proved to help their sales.

As mentioned initially, the Norwegian owned companies operate in the same markets as the Chilean ones. The concern for the export markets will thus influence all the companies in the industry, regardless of whether the company is Norwegian or Chilean. When talking about the factors that influence the industry's CSR profiles a Norwegian company representative states "...market demands are clearly very important, they affect the industry" ([interview]). The representative from AguasClaras concludes the discussion of his company's CSR initiatives regarding the environment thus: "Now, it is evident that facing any market, it [the CSR initiatives] leaves us in a good position as a company" (AguasClaras [interview]). What we see here is clearly a rational based form of argumentation supporting CSR as it is concerned with maintaining the company's position in the market.

What strikes me is that the first CSR indicator that comes to the informants' minds when talking about the influence of the market is the concern for the environment and clean production methods. The issue of labour conditions is rarely mentioned. When this occurred to me I started to ask my informants about why they thought this was so. The answers I received indicated that thus far there seems to be more incentives for keeping a good environmental standard than a good labour standard. The environmental conditions at the production sites will affect fish health and product quality. We know for instance that the salmon has high demands in terms of oxygen levels. If the environment is bad the mortality rate goes up which equals a decrease in production and ultimately economic gains. Poor environmental conditions are also likely to affect the quality of the

product, something that has a bad influence on the sales figures. The representative from AguasClaras puts it like this:

...we cannot deny that aquaculture can affect the environment. But it is also true that the aquaculture activity will disappear if the environment is hostile. This is why everybody has become aware of the fact that regarding this variable, regarding the environment, we should do our things well (...) if we have a site with bad environmental conditions, it is obvious that the production is low and that diseases will flourish (...) the care for the environment has a direct benefit for the activity... (AguasClaras [interview])

We see that good environmental conditions are essential to business in the salmon industry, since the opposite is likely to affect sales and possibly reduce market access. It therefore fits with the rational perspective that we find a focus on environmental issues in the salmon industry. Only a couple of informants mentioned market demands as a possible inspiring factor for improving labour conditions. Several informants explained that this probably is due to the fact that the final product does not tell us anything about what kind of work conditions you find at a fish farm or a processing plant whereas the product clearly indicates what the environmental conditions at the production site are like. The incentives for improving labour conditions in the industry thus seem to be weaker than the ones for improving the environmental conditions. If we assume that CSR is market driven and that the market has the power to decide both the range and limitations of CSR¹⁴, then we can draw the conclusion that the demands in the salmon buying markets for high environmental standards is still much stronger than the demands for good labour standards. At least if we are to judge by my case. This can be interpreted in two ways. Either the consumers are not aware of the need to raise labour conditions in the Chilean salmon industry, or the issue does not interest them. If the former is the case, then it might just be a question of time before the consumers will be better informed. Chilean NGOs like Fundación Terram and Écoceanos have placed the subject of labour conditions in the salmon industry high up on their agendas, and the media both in Chile and in other stakeholder countries cover the issue with frequency.

¹⁴ For further reading about this theme see David Vogel's *The Market for Virtue – the Potential and Limits of Corporate Social Responsibility*.

6.2.2 Free Trade Agreements

Closely connected to market demands we find another global influencing factor: free trade agreements. Chile has signed free trade agreements with many countries, amongst them with the United States and China, and in the course of 2006 they will sign yet another agreement with Japan. Several of my informants, both from the public and private sectors, have stated that the demands from the free trade agreements have inspired and influenced norms and practices in the fields of the environment and labour conditions in Chile. Article 18 in the free trade agreement between the US and Chile from 2004 deals with labour conditions and article 19 with the environment. Regarding the issue of labour, the parties promise to comply with their own labour laws. Further they re-affirm their international obligations in the field as members of ILO. Hereunder we find that some of ILOs internationally recognized principles are mentioned, like the right to form unions, the right to collective negotiations, a minimum work age, and acceptable conditions regarding minimum wages, work hours and security and health standards at the work place. Article 19 that deals with the environment seems more vague in its demands, but states that the objective of the chapter is “...to contribute to the Parties’ efforts to ensure that the trade and environmental policies are mutually supportive and to collaboratively promote the optimal use of resources in accordance with the principle of sustainable development” (Free Trade Agreement Chile – The US 2004). Further the agreement states that although each party has the right to establish its own laws “...each Party shall ensure that its laws provide for high levels of environmental protection and shall strive to continue to improve those laws” (ibid).

There is no consensus about how to define CSR, but the most common definitions sees CSR as the measures going beyond legally mandated practices. I have argued that in a Chilean context we must also include those measures that aim to help companies comply with existing law since enforcement traditionally has been weak. The free trade agreements are described as an inspiring factor for the salmon industry both in terms of contributing towards the development of new standards and encouraging the companies to comply with existing laws. The crucial issue here, regardless of whether the demands from the free trade agreement with the US are strong or not, is what the perception of is in the Chilean industry. If the people within the industry have the idea that it is important and rational for them to keep high standards in order to satisfy their trade partners and thus maintain market access, then this will affect

the companies' behaviour. And this is indeed what appears to be happening. Complying with the conditions set forward by the free trade agreements is perceived as rational, since it contributes towards the maintenance of market access and market share.

As predicted earlier in this thesis we find that market demands influence the behaviour of the companies in the Chilean salmon industry. The CSR indicator that is most referred to when this factor is debated is without any doubt the environment. It seems that according to the logic of consequence it is still not regarded as rational to increase the company's effort regarding labour conditions. The explanation for this seems to be that the consumer demands for high labour standards still are much weaker than for high environmental standards. Further we see that free trade agreements encourage the companies to comply with existing laws and develop new standards. This fits with the rational perspective and the logic of consequence as it is vital for company earnings to maintain market shares. We see that the argumentation for CSR according to this perspective is motivated by rational and not ethical or normative concerns. The nationality of the owners of the company is therefore irrelevant as an explanatory factor in this kind of perspective. In the next section I will turn to the normative institutional explanatory factors. This perspective puts more emphasis on the norms and values of the actor when trying to explain his behaviour.

6.3 Normative Institutional Explanatory Factors

A company that was born in Chile, founded on the roots of Chilean culture, will not change only because some Norwegians come here and buy it.

(Chilean company representative ([interview])

The normative institutional view of the organization emphasises the importance of collective values, rules, culture and identities in organizational decision making and behaviour. The actors are thought to reflect the values of the institutions with which they are associated and use them as a kind of guideline for their behaviour. Decisions are made following a logic of appropriateness where the actor's behaviour is conditioned by what is defined as appropriate by the surrounding institutions. I have earlier explained that we find both an internal and external actor level within the normative institutional perspective. At the external level we find the company as the

actor and the different institutions in the surrounding society as its context. At the internal level we regard the individual as the actor and the company as the surrounding institution. At the external level I assumed that we were likely to find that the company would be influenced mainly by NGOs and by the predominating norms and values in society. I further predicted that we would find ownership as one of the explanatory factors since this tells us something about the socialization process the company has gone through. The Norwegian companies are then likely to have a natural focus on CSR because of their link to Norway which has a tradition for paying attention to the issue. On the internal level I claimed that the established company culture would be likely to affect the individual's behaviour and decisions relating to CSR. If the company had a tradition for focusing on CSR practices, then this would be likely to continue although employees and owners come and go.

We will see that my most important finding is that the company culture and leadership of a company have a decisive role when it comes to the development of a company's CSR profile. In the following I will first present the explanatory factors found on the external institutional level before I turn to the factors found on the internal level. The three factors I will present on the external level are the influence from NGOs, the role of SalmonChile and finally the institutional framework that the Norwegian and Chilean society provide the companies with.

6.3.1 The Influence from NGOs

Several NGOs have since the transition to democracy in 1992 been founded in Chile. It is mainly the two NGOs Écoceanos and Fundación Terram that play the role as watch dog over the salmon industry. One of Fundación Terram's programs focuses exclusively on the salmon sector. The aim of the program is to analyze and bring up for debate the weaknesses of the industry and suggest proposals for a sustainable development of the sector (Fundación Terram 2006). The program is concerned with what is considered as lack of sustainability both in the environmental and the social aspects of the activity. Fundación Terram claims that their dialogue with the industry is fairly good, but admits that it could improve (Fundación Terram [interview]). Écoceanos experiences a lack of dialogue between the industry and the NGOs, but still states that the pressure from NGOs has lead to better practices within the salmon industry (Écoceanos [interview]). One of the achievements of Écoceanos was the case filed in the OECD contact point

against the then Dutch owned salmon producer Marine Harvest in 2002¹⁵. The case was filed in co-operation with the Dutch ONG Mileudefensie and denounced several aspects of the company's activity. The complaint claimed that the activity of Marine Harvest in many respects diverged from the OECD guidelines for multinational companies. Lack of freedom to form unions, lack of the right to collective negotiations, and harmful environmental impact of the company activity were some of the claims in the complaint. The OECD contact point granted a partial win for the complaints forwarded by the NGOs. It was important for Écoceanos that the case received attention both at home and abroad and thus put focus on several negative aspects of the industry activity (Cárdenas [interview]). According to Juan Carlos Cárdenas, director of Écoceanos, it is important to be critical towards the behaviour of several of the trans-national companies in the salmon sector, which according to him very often do not comply with the OECD guidelines for international corporate behaviour. Cárdenas sees CSR as green washing, and claims that the companies in Chile still have a long way to go before they can start talking about real CSR initiatives (Cárdenas [interview]).

There is not a consensus amongst the companies I have talked to regarding the influence of the NGOs on the industry. Some representatives state that the pressure from the NGOs has had a positive impact on their CSR profile, whereas others do not see them as playing an important influencing role at all. We see that Torben Petersen, director of Fjord Seafood Chile, is not negative about their presence but he does not overestimate their influence either: "...there are still NGOs that criticize the sector, but perhaps that is ok. The NGOs in this country are still quite young, and they are not yet ready to enter into dialogue with the industry. They are still developing their rhetoric, their style..." (Petersen [interview]). Another company representative from Aqua Chile agrees. He claims that the companies are open for a dialogue and that the goal should be to advance together, but he emphasizes that this dialogue must be constructive and must have its basis in scientific evidence about the impacts of the industry. He claims that this is still not the case and explains that this why it is difficult for the companies at present to enter into a dialogue with the NGOs (Aqua Chile [interview]). Guiliانا Furci from Fundación Terram agrees that the dialogue with the industry about environmental

¹⁵ Marine Harvest was bought up by Norwegian Pan Fish in March 2006.

impacts must be based on scientific evidence, and describe some of the difficulties the NGOs have in terms of achieving this. She explains that there in general is a lack of reliable studies about the environmental impacts of the industry. Further she claims that the little existing information there is, is difficult to get hold of for the NGOs due to lack of transparency in the Chilean administration. She expresses the problem like this: “What happens is that we do not have the tools neither for a dialogue nor a debate. We don’t have the grounds for this, a scientific basis. In the field of labour there is more evidence, because they are people. But this is not the case in the environmental field, not at all” (Fundación Terram [interview]). The human geographer Jonathan Barton from la Universidad Católica in Chile has followed several sectors in Chile closely as an academic over the course of more than ten years and supports the view of Furci. He further adds that it is difficult to arrange a constructive dialogue between the industries and the civil society due to the lack of trust between the two parties. The firms tend not to trust the NGOs. They are considered as “left wing” and thus not taken seriously by the industries (Barton [interview]).

The one case that the NGOs have promoted heavily and the industry consequently has taken measures of improvement is in the case of the high rate of accidents within the industry. It is especially the situation of the divers that has caused great concern. In 2005 ten divers died while working at various cultivation centres in the country. The industry is now finally showing signs of taking measures and developing contingency plans to hopefully avoid such unfortunate numbers in the future.

The information I have received regarding the influence of NGOs on the salmon industry’s CSR measures is quite ambiguous. As a result I am cautious when assessing their role, and choose to conclude that their direct influence on the industry is still somewhat limited. However, I do believe that they have strong agenda setting power. Although the industry is reluctant to admit that they are being influenced by the NGOs, it does not mean that they do not register what is being said about them. There is no doubt that the industry is very well aware of their presence and the cases that they promote. The NGOs in Chile have showed themselves active and very capable at focusing on some of the problematic aspects of the industry. The fact that the industry very quickly comes out in its own defence whenever it is being criticised by the NGOs indicates that it after all is concerned by what the NGOs have to say. We can conclude

that the NGOs have a strong agenda setting power that indicates some of the themes that the industry should become more concerned with and learn more about.

6.3.2 The Role of SalmonChile

Whereas the NGOs represent civil society, SalmonChile is the association of the Chilean salmon farmers and thus represents the industry itself. Nevertheless we will see that the association has the power to place normative pressures on the companies in the industry and in this way promote the themes that they regard as important for the industry as a whole. Some of the themes promoted by SalmonChile have clearly been CSR related.

The aim of the association is “...to represent and join the efforts of salmon and trout farmers in such areas a law, technology, research, environment, and development of local and foreign markets” (SalmonChile 2006). SalmonChile has currently got 47 members, out of which about half of them are salmon and trout producers. The remaining firms are suppliers of products and services. Membership in the association is voluntary, and so is the subscription to their points of view about what the strategies and practices of the industry should be like. Although the association is there for the industry, each company must make the decision as to whether they wish to follow the recommendations of the association or not. “SalmonChile is an interest association that can suggest certain standards for the companies, however, they are the ones to decide whether or not to take on the suggestion” (SalmonChile [interview]). The important role of the association regarding CSR is thus to exert a normative pressure on the industry.

The vision of SalmonChile is to improve the standards of the industry in all fields (SalmonChile [interview]) SIGES is the most important tool developed so far motivated by this aim. SalmonChile does not have the power to deny companies to establish their own goals and standards. However, they see the need for a common management tool for the industry covering the issues of labour and environment because the markets and the society see the industry as a whole, not as the sum of free standing companies. All four salmon producers I talked to during fieldwork have adapted SIGES as part of their management system, and in total there are about 15 of the salmon producing companies that have implemented it. The representative from AguasClaras assesses the role of SalmonChile and SIGES thus:

...yes, the presence of SalmonChile is absolutely necessary (...) it has played quite an important role when it comes to giving orders to the industry about what to do. The management system of SalmonChile has allowed us to improve our levels in the various fields we have discussed: quality, environment, fish health, workers' safety (...) This is why it is important to keep their presence and make it even stronger... (AguasClarass [interview]).

SalmonChile was also involved in the process of developing the clean production agreement, which was signed in 2002 by the then president of the salmon association, Víctor Hugo Puchi, on behalf of the industry. Their headquarters are in the capital of Santiago, close to the most important politicians in the country. They have good links with the Chilean authorities, and keep good track of whatever is going on in the export markets. This helps them to have a pro-active attitude and help the companies in the industry to become aware of and adjust to whatever demands they are faced with. It is important to keep in mind that there actually can be quite a big difference in company behaviour within the salmon industry in Chile although the sector can seem quite homogenous to the outsider. Although the association does not have all the companies in the sector as members, there is no doubt that it has a strong socializing power over the industry. It has the companies' trust; it is well connected with the Chilean authorities and keeps a close look at what is expected from the companies in the industry both in the end markets and in the local society. This places SalmonChile in a unique position when it comes to influencing those companies that need to raise their standards in the CSR field. Hence we can conclude that SalmonChile's important contribution towards the CSR profile of the industry is to create a normative pressure on the companies that encourages improved CSR standards.

6.3.3 Society and Culture

According to the normative institutional perspective an actor's behaviour will be influenced by its institutionalized surroundings (Brunsson and Olsson 1990:10). If we transfer this view to the companies in the salmon industry, then we can say that the companies will be influenced by the norms and values in the immediate society they form part of, which is Chile. For the Norwegian owned companies we must additionally take into consideration the Norwegian norms and traditions, since they are relating to this society as well as the Chilean one. In this section I will briefly look at how Chilean and Norwegian norms, values and traditions in the fields relating to CSR are likely to influence the behaviour of the companies in the salmon industry.

The Influence of Chilean Society and Culture

Chile's history has provided the country with differing traditions in terms of the view of the worker, as we saw in the background chapter. The paternalistic tradition can still partly be found alive today in the form of human resource management programs as discussed previously. A representative from Aqua Chile explains this with the limited role of the state. When the state does fulfil its role in society satisfactorily, then the companies take on the responsibility¹⁶. Further he explains that although it today is fashionable in Chile to talk about CSR, something has always been done. The representative believes that although there is still room for improvement in Chile in the CSR field, there is a high level of consciousness "...at least amongst the national firms" ([interview]). Aguas Claras is another example of a Chilean company that is picking up the paternalistic management tradition. The representative I interviewed here had a broad understanding of CSR, where he emphasized a strong commitment to the company's surrounding society. In this area he claimed Chile was in the initial phase. If we look at the reports of the Chilean Labour Inspection or Fundación Terram, then it is clear that there are still many companies in Chile that could improve their practices. This other darker strain in Chilean management practice, if we can call it that is explained as partly due to the rupture in Chile suffered during the military regime. The previously thriving labour movement in Chile was then as we have seen completely crushed and is still struggling to regain its force. Whereas some Chilean managers emphasize strong human resource programs and care for the welfare of their workers, others are still having a more authoritarian attitude where the idea is that the worker is there for the company and not the other way around.

The focus on environmental issues has increased in Chile in recent years. We have previously seen that due to the export oriented nature of the salmon industry this is an issue that the companies are forced to focus on, although we see that there is still room for improvement. The justification for caring for the environment has its basis in a rational form of argumentation rather than a value based one. However, many of my informants claim that a generation shift is on its way, and that the younger generations care for the environment in a whole different way than the generation of their parents.

¹⁶ This is in line with the previously discussed theories of Susan Strange.

Hence it is likely that we in Chile will see more and more value based argumentation for caring about the environment in the future.

The Influence of Norwegian Society and Culture

Initially I predicted that the Norwegian owned companies would have fairly strong CSR practices, both in the fields of the environment and labour because of Norway's institutionalizing power in this field. There is something to this, but the picture has proven to be too simple. When discussing the Norwegian owned companies it is necessary to differentiate between them because they are not all identical in terms of behaviour. Some of the Norwegian owned companies turn out to have more of a Chilean than a Norwegian identity. Fjord Seafood and Mainstream Chile are amongst these. In those cases where the company has been exported from one country to the other and built up from scratch by Norwegians, it seems to be a bigger likelihood to find fairly strong institutional ties to Norway. This is the case with AquaGen and Pharmaq. In the cases where a company is founded through mergers and acquisitions there is a bigger likelihood that the already established institutional ties with Chile will remain intact. The terms brown field and green field have been borrowed from the property development glossary to distinguish between the two cases where brown field is used to refer to the latter and green field to the former. This distinction gives us an indication about where the company is likely to receive its institutional and cultural influences from, and again what kind of socializing processes it has gone through. This is crucial for understanding the formation of company identity and culture.

Aqua Gen and Pharmaq both fall into the category of green field companies. For both of them the close link to Norway is claimed to be an important reason for why they keep the CSR profile that they do. The director of AquaGen explains that his company finds it natural to give their workers the same benefits as they would get in Norway. Furthermore, since the public insurances are bad in Chile the company provides additional insurances. I asked the director of Pharmaq, Bernd Wrege, if he thought that being a Norwegian owned company in Chile brings with it a certain responsibility. In Pharmaq's case the answer is yes, and Wrege adds that Pharmaq Chile makes sure they apply the same standards in Chile as in Norway. However, both informants seem eager to make me understand that the same cannot necessarily be said for all Norwegian companies in Chile, and that company behaviour can vary quite a lot between them.

Both in the case of AquaGen and Pharmaq there are close ties to the mother companies in Norway. This permits them to be influenced by Norwegian cultures and institutions and keep some of their Norwegian identity in spite of the long distance. However, the companies do after all operate in Chile and thus have to adapt to the Chilean socio-cultural conditions. Hence, we see that hybrids develop. In the case of AquaGen they recognize that there is a big difference in Chile between the regular worker and those with higher education. They have realized that in Chile it is necessary to care for the workers in the form of a good social program that includes insurances, education and so on. Both Wrege and Sørvik emphasise the necessity for a deep understanding of the local culture and conditions and a need for somewhat adapting to this in order to perform business in Chile. After five years of operation in Chile, Aqua Gen can be seen as a hybrid developed at the interface between Norwegian and Chilean cultures (Long:2001). Their attitude towards the Chilean employee illustrates this; based on the acquired knowledge of Chilean culture they think it is better to give improved compensation to the Chilean employer in the form of social benefits rather than through increasing the salary. The argument given for this is that the Chilean worker "...would think he's doing a good enough job and therefore relax..." if his salary was raised (AquaGen [Interview]).

We can conclude that in the case of the green field companies the Norwegian ownership is relevant for the explanation of the companies' CSR profiles. The link to Norway has provided the companies with a company culture and tradition that reflects the Norwegian management style and norms relating to CSR. For the brown field companies in my study the situation is different, as we will see in the following.

Mainstream Chile and Fjord Seafood both fall into the category of brown field companies. They were as we have seen both established as Norwegian owners in the year 2000. Prior to this the companies had no institutional bounds to Norway. This explains the fact that they today define themselves as Chilean companies with Norwegian owners. Chilean culture, norms, traditions and values had up until the year 2000 shaped the identities of these companies, and these identities were kept when the Norwegians took over. One company representative puts it like this: "A company that was born in Chile, founded on the roots of Chilean culture, will not change only because some Norwegians come here and buy it" ([interview]). Lars Huemer from Norwegian School of Business has studied the Chilean salmon industry thoroughly over

the course of the last two years. He explains that Mainstream must be regarded as a Chilean company, and that they have a very strong pride and identity as such (Huemer [interview]). Although both Fjord and Mainstream identify themselves as Chilean companies, they have different approaches towards CSR. Their practices are probably quite comparable in the environmental field. In the field of labour however, their behaviour differs. I will discuss the reasons for this more in detail in the next section of this chapter.

We can conclude that the institutional surroundings of a company will influence its behaviour in the CSR field. In the case of the green field companies the institutional ties to Norway were established from the very beginning and later maintained. This contributes towards the explanation of these companies' CSR profiles. In the case of the brown field companies in my case the institutional ties to Norway are very weak, if not non-existing. The CSR profiles of the brown field companies in my study must therefore be seen mainly in relation to Chilean institutions and not Norwegian ones. In the following I will turn to the internal institutional explanatory factors. The actor is here the individual, and the company the institutional context. I will mainly focus on the leader as the principle actor, as he is the one who takes the most important decisions within the company. Before I turn to the importance of company culture and leadership for a company's CSR profile, I will discuss the role of the trade unions.

6.3.4 The Trade Unions

I was surprised to find that unions rarely were mentioned by my informants as an influencing factor on the companies' human resource policies. This might be a reflection of the generally weak position of unions in Chile. At a national level the membership rate was 11.1% in 2002 (Dirección del Trabajo 2006). The labour movement suffered harsh repression during the years of the dictatorship and has still not regained its strength (Schurman 2001, Espinosa 2005, PET [interviews]). Malva Espinosa's thesis is that there is an absence of a strong labour movement also in post-transition Chile, and she mentions several possible reasons for this. The unions in Chile are historically linked with the mining industry and big public enterprises. The majority of the Chilean work force (70%) are however found within small and medium sized firms where the possibility for formation of unions is weakest. The system of sub-contracting is also very common in Chile. Sub-contracted workers are often badly paid

and the short term character of these work relations in combination with the often bad pay does not encourage unification any further. Sociologists have further pointed out that the trend also is a result of the individualization of society. There is no longer a collective “us” that can represent the unsatisfied individual in negotiations with the employer (Espinosa 2005:156).

The membership rate within the salmon industry with its 14.7% is slightly higher than the rate at a national level (Fundación Terram 2005b). 73 different unions have been registered in the sector by the Labour Inspection Authority and there is a growing number of trade union federations. However, very few informants from the companies bring up trade unions as a strong influencing factor on their CSR policies. Fundación Terram have found that there clearly is an unequal distribution of power between the worker and employer in the Chilean salmon industry, something that makes it difficult for the trade unions to negotiate with their employers (Fundación Terram 2005b). I still got the impression during fieldwork that the attitude of the companies towards trade unions slowly is changing. There are many companies in the industry that claim to have good relations with their local unions. Fjord Seafood and Aguas Claras can be placed amongst these. However, there are still companies that clearly could improve their relationship with their unions. According to a survey made by Fundación Terram 15 % of the people asked claimed that they abstained from joining the trade union out of fear of repercussions from their employers. 30% claimed that the reason was that their contracts prohibited them from doing so (Fundación Terram 2005b). Through a contact in Fetrasal, one of the federations of trade unions within the salmon industry, I tried to arrange a meeting with the union leader from Mainstream. Unfortunately he did not wish to meet me out of reasons which I am not familiar with. My contact in Fetrasal explained that the union leader at Mainstream is still very careful with who he talks to (Fetrasal [interview]).

We can conclude that it is not possible to generalize about the influencing role of the trade unions on a company’s CSR profile. Whether a union has been able to develop a strong enough position to exercise real influence on company policies will vary from company to company. Some companies have tense relations with their union and see it as a disturbing element, whereas other companies maintain a positive and constructive dialogue with their union. The local delegate from the Ministry of Labour responded

like this when I told her my impression was that there are still anti-labour movement practices present within the industry:

Exactly. Unfortunately this is not the case only in the salmon industry, I repeat this to you. Our statistics and our studies indicate that we form part of a strongly repressive culture towards the formation of trade unions. This doesn't mean that all [companies] are like that, we could even show you wonderful examples, including within the salmon sector. But yes, there is perhaps a more natural tendency to generate permanent logics of mutual distrust regarding this theme.

One has to look to the company culture of the individual company to see what kind of attitude they have towards their trade unions. In general we can say that the trade unions in the Chilean salmon industry still do not have the necessary strong position to have a very strong impact on the industry's HR practices. This is partly due to the weakened position of the trade unions during the military regime. But we see that they slowly but surely are strengthening their position. In the following I will turn to what has turned out to be a decisive factor when trying to explain the CSR profiles in the Chilean salmon industry, namely company culture and leadership.

6.3.5 Company Culture and Leadership

All the factors discussed so far play an important role in the formation of the CSR profiles of the salmon companies. However, all my informants claim that a decisive influencing factor is company leadership. When discussing subsidiaries, I refer to the local leadership. If the leader of the company locally does not have an interest in implementing CSR measures, then it is very unlikely this will happen on a large scale. I choose to discuss leadership and company culture together because I believe they have a reciprocal influence on each other. The leader is the actor which takes the decisions relating to CSR and can thus contribute towards the creation of company culture. On the other hand company culture will also influence the coming and going leaders. The institutional foundations of the local leadership will hence play a decisive role for a company's CSR profile since this will condition what kind of attitude the leader has towards the issue of CSR. This is evident in the case of the green field companies of Aqua Gen and Pharmaq where the leaders of the companies clearly are influenced by the Norwegian attitudes towards CSR.

The director of AquaGen explains that the Norwegian owned companies in Chile cannot be seen as a homogenous group. It is important to understand that these companies come in different shades and variations, and that the CSR standards will vary quite a lot between them depending on who is in the leadership. He explains that there are many conservative people within the salmon industry in Chile, and points out that it does not matter if a company is Norwegian if the local Chilean leadership belongs to what he describe as the more authoritarian side of Chilean society. In these cases he claims that the local company practices will be affected by this (AquaGen [interview]). The following statement from the local delegate from the Ministry of Labour gives us an idea about how the authoritarian aspects of Chilean society manifest itself in company cultures:

... within the company there is still a very authoritarian culture, very hierarchical, very vertical where the worker not necessarily is regarded as a being with legal rights. He is still regarded as a person that sells his work force, but where there is a high degree of inequity in terms of the relations and distribution of power. ([interview])

Wrege from Pharmaq also talks about the differences in behaviour between the Norwegian companies. He believes these are explained by the different ways in which a company was founded, as some of the Norwegian companies already were well established with Chilean leadership before they became Norwegian. Without elaborating further, he opens up for the possibility that this might influence their behaviour (Pharmaq [interview]). Another company representative states: "One has to look at the way a company was founded and at who's in the leadership in order to understand why a company behaves the way it does" (Fjord Seafood [interview]) This view was shared by all the company representative representatives I talked to. Many informants pointed out that a company exists of people and that it is people who form the company policy, not the capital. If the leaders of a company are not interested in for instance improving the work conditions for their employees, it is very unlikely that any measures in this direction will be taken. Most companies are run by a board of directors that have the ultimate responsibility for all company activity. In the case of the Norwegian companies in Chile the boards also have Norwegian representatives. However, the day to day activity is run by the local leadership, and the attitudes and actions of the local leadership therefore seems to have a stronger influence on a company's CSR profile than quarterly board meetings. I started to realize the decisive

role of the leader in the development of a company's CSR policy when I inquired about how come there is such a big difference between the labour practices of Fjord Seafood and Mainstream Chile. The two companies were both founded in the same way and identify themselves as Chilean. Yet their practices in terms of labour are very different. The following comparison between the two is a good example of internal institutional differences which lead to a different set of labour practices.

Mainstream Chile and Fjord Seafood Chile - a Brief Comparison

Mainstream Chile and Fjord Seafood both must be seen as Chilean companies that happen to have Norwegian owners. The firms were established as Chilean firms before they were bought up by Norwegian capital and hence the link to Norway is not so strong. I will therefore claim that the company behaviour is more influenced by Chilean than Norwegian culture, norms and values. But then again, it is important to keep in mind that there within Chilean culture run different currents that represent different values and traditions. The leaders of Fjord seafood and Mainstream Chile can be said to represent different traditions within Chilean culture, and this explains their different approach to HR issues. Fjord Seafood seems to have fully integrated a triple bottom line thinking in their activities as they in their corporate activities are concerned with social, environmental as well as economic performance. The company has a very strong human resource program that also includes the families of the workers in addition to the workers themselves. Mainstream Chile is actively concerned with their economic and environmental bottom lines, but seems to have failed to successfully incorporate a social profile in their activities. Although Mainstream Chile reports to Cermaq about parameters that include the investment in the work environment and social engagement, they still seem to keep to a minimum standard when it comes to workers rights and benefits. Their attitude towards their workers has by many been described as authoritarian, or in the best case as old-fashioned. According to my informants, this is the way the situation at Mainstream always has been, even before the company turned Norwegian. It is important to realise that when Cermaq bought Mainstream in the year 2000 they also acquired an existing company culture in addition to infrastructure and personnel for salmon farming. In the case of Mainstream, this culture turned out to not be so positive in all respects. At least not when measured against Norwegian standards. According to my informants the company culture has not changed with the new

ownership and will not change either as long as the current local leadership is in charge (Norwegian representative, Chilean company representatives [interviews]). Cermaq did not see the need for any major changes in neither company structure nor leadership when they bought Cermaq (Cermaq [e-mail]). Although Mainstream Chile now has to answer to a board that includes Norwegian board members my informants state that this is not enough to make actual changes in the company culture and behaviour. One informant states: “The company is made up by people, and people are the ones who take the decisions, not the structure of a company” (Informant [interview]). Mainstream Chile participated in a self-revision program regarding the work environment in corporation with the Chilean local authorities in 2004, so there might be a will internally to make improvements. However, as long as the current leadership still continues to be the same at Mainstream and Cermaq keeps its passive role regarding the issue, my informants have very little belief that anything will change. One of my Norwegian informants states about Mainstream Chile: “Mainstream must be understood as a Chilean company, with Norwegian ownership that doesn’t assume the responsibility that corresponds to them” (Norwegian representative [interview]).

Fjord Seafood on the other hand, inherited a very different company culture when they bought into the Chilean salmon industry. Fjord Seafood Chile was founded in the year 2000 after the acquisition of Salmoamérica and Techmar and their consequent merger. Thomas Keller who was the director of Salmoamérica and became the first director of newly founded Fjord Seafood Chile had for a long time had a very strong commitment towards social and labour issues, and Salmoamérica was said to be in the forefront in this field (Fjord Seafood [interview]). When he became director of Fjord Seafood Chile he kept this line that later was further developed by the current director Torben Pedersen. According to a central informant Fjord Seafood Chile has lived in its own world distanced from the Norwegian part of Fjord since its foundation in 2000. The informant is proud about his company’s good standards, but emphasizes that he refers to Fjord Seafood Chile and that he doesn’t know what the situation is like at Fjord Seafood in Norway. According to him, Fjord Seafood Chile must be defined as a Chilean company that happens to be owned by Norwegian capital. Thus, to link Fjord Seafood Chile’s strong human resource program with Norwegian CSR tradition seems to be a mistake. Fjord Seafood Chile’s HR policy is based on a company culture and tradition that existed long before the companies turned Norwegian. What we see are two

companies that have been founded in the same way and both should be perceived as Chilean companies in spite of their Norwegian capital. The difference in labour conditions and social commitment between them is explained by the fact that the original Chilean born companies represented two very different leaderships representing different management practices and currents within Chilean work culture. When the companies were taken over by Norwegian capital, these facts did not change. Both Mainstream and Fjord Seafood are in their essence Chilean companies, and an analysis of them must therefore be placed within the Chilean socio-cultural context. The difference in the HR policies between the two companies is due to the fact that the leadership of each company represent two different currents within Chilean society regarding the issue. In the case of Mainstream the HR policy seems to stem from the authoritarian tradition that received its maximum expression during the military regime of Augusto Pinochet. In Fjord Seafood's case, the HR policy represents a more socially conscious current with roots back to the paternalistic ideal of the days of the haciendas.

The main assumption in this section is that according to the internal institutional perspective the leader of a company, as its principle actor, has a decisive role when it comes to developing a company's CSR profile. This is why it becomes so important to understand the background of the company leader. What tradition does he belong to? What institutions is he influenced by? What kind of values and ideas does he bring into the company? These factors will influence his decisions regarding the issue of CSR. On the other hand there is also a possibility that a new leader will be influenced by the existing company culture. Company culture and leadership must thus be seen in relation to each other.

In the next section I will present the two explanatory factors that have turned out to fall outside the established theoretical framework, but that nevertheless are crucial to our understanding of the CSR profiles in the Chilean salmon industry.

6.4 The Independent Variables

The two explanatory factors that will be discussed in the following, size of company and maturity of the industry, can neither be described as normative nor rational explanatory factors. They are rather objective aspects of the industry and the companies. However, they form part of the structural framework of the actors and have turned out

to influence the way the actors perceive their surroundings. In this sense they contribute to the explanation as to why companies behave the way they do.

6.4.1 Maturity of the Industry

Maturity of the industry is an element that has been brought up as an explanatory factor as to why the focus has turned towards the issues related to CSR in the last three to four years (Petersen, AquaGen [interviews]). Several informants claim that there always has been a certain focus on CSR related issues in Chile, and that there is more talk about an evolution than a revolution when CSR now is so clearly put on the agenda. A company representative from Aqua Chile states the following:

It is fashionable these days to talk about CSR, but there hasn't been an abrupt change between not caring about these issues and now suddenly starting to care about them. Something has always been done. What happens is that now it is quantified, there are issued reports etc... (Aqua Chile [interview])

Although it seems more appropriate to talk about an evolution within the CSR-field rather than a revolution, there are still many informants that claim the focus on CSR related issues has increased in the last three to four years. Many explain this through the fact that the industry now has reached a level of maturity. The first 10 to 15 years the industry was working at establishing itself and therefore faced a lot of internal challenges. The result was that the industry was not really capable of reflecting much on how they were perceived from the outside. It was only when the industry was well established and experienced more stable conditions that it was capable of developing more conscious policies regarding labour conditions, environmental conditions and commitment to the local surroundings. Torben Petersen, director of Fjord Seafood Chile explains:

From 1990 a tremendous growth in the industry started. This is important to understand. As a consequence there were many things to be solved [internally]. The companies have for a long time been focusing on growth, expansion of markets, development and implementation of new technologies etc. This meant that the sector for a long time was quite closed in on itself (...) because there were indeed many problems to be solved. At the end of the 90s the industry became aware of its role in society, because there hadn't been much of a dialogue with the local communities before. This led to a large gap between the two parties. And what you don't know, you tend to have a sceptical attitude towards. This led to a lot of criticism of the industry (...) Towards the end of the 90s it was opened up for a better dialogue. The industry became more communicative. Now we see co-operation in all fields (...) The reason why we have seen sort of a change in the last three to four years is connected with impulses from the outside, but also from the inside as a

consequence of the economic growth. With more economic resources it is also possible to heighten the focus on such issues. (Petersen [interview])

This process of maturing and its consequent increased focus on CSR must be seen in relation to developments in the Chilean society at large. The Chilean society has undergone rapid change since the industry's early beginnings in 1985, amongst them the return to democracy and an increased integration in the international community. Some changes have come about quickly and others more slowly. However, the changes and developments within the Chilean society are also bound to influence the various industries operating herein. My informants explain how the industry has matured and how the companies as a result have become more aware of their position in society and the demands that are placed on them. Further they explain that the big companies now have more resources to spend on implementing CSR measures. At the same time the society surrounding the companies has changed and is demanding more and more of the companies which operate in it, like we have seen being the case with the NGOs. The companies in the Chilean salmon industry are now visible actors in the private sector landscape, which makes the level of awareness about its effects on local society rise as well. We can conclude that as the industry has matured, the companies have become more aware of themselves and their position in relation to the surrounding society and the surrounding society has learned that they should expect a certain level of behaviour from the companies operating in their communities. This process of learning on both sides, both within the companies and in the surrounding society, and the increased capacity level in the industry have led to changes in company practices regarding CSR. In the following we will examine what importance the size of a company has for its CSR profile. This factor is also closely connected to circumstances in Chilean society.

6.4.2 Size of the Company

Several of my informants have claimed that it is very difficult to generalize about what conditions a company's CSR profile. Several informants point to size as an explanatory factor. According to Huemer from the Norwegian school of business, this is perhaps the only factor that will give us an initial indicator about what kind of CSR profile to find (Huemer [interview]). The general tendency is that a bigger company will have a more active CSR profile than a smaller company. This is explained by the fact that the bigger companies in general possess more resources than a smaller firm. They already have the

human resource staff to organize such activity, especially in the field of labour conditions. Further we see that the bigger companies, and amongst them especially the salmon producers, are the ones that are most under scrutiny from NGOs and the media and therefore are under bigger pressure to implement CSR measures. The small and medium sized firms struggle in many cases to survive and do not have the necessary means to implement CSR measures as they often even struggle to comply with the local rules and regulations. Carmen Espinosa, director of PET explains:

...there are more and more irregularities to be found [in the industries in Chile], because the pressure from the markets on the companies is strong. In the case of the small and medium-sized firms it is almost inevitable. Especially in the case of the small firms, the only way they can survive under the rules of the market, is by not complying with the law. In order to maintain their position in the market, in order to compete, they're avoiding paying both this and that. They try to avoid paying the extra work hours; they try to avoid raising the salaries... (PET [interview])

The local federal representative from the ministry of Labour also states that most irregularities clearly are found in the smaller companies further down in the supplier chain. The bigger companies often lack contingency plans for the smaller companies that are sub-contracted. This tends to affect the security of the workers. When an accident occurs the sub-contracted worker often finds himself in a void where nobody takes responsibility for what has occurred (PET, Ministry of Labour [interviews]).

We see that the previously described circumstances makes it more difficult for the small and medium sized companies to focus on CSR issues because they are less likely to have the resources to do so. This is clearly a result of the Chilean economic context where the companies are expected to compete or die. Size of the company as an explanatory factor must therefore be seen as a correlation of Chile's neo-liberal economic model.

6.5 Concluding Remark

As independent objective explanatory factors we find size of the company and maturity of the industry as we just have seen. They put down the frames for how the companies perceive reality and in this sense they contribute towards the explanation for their behaviour. On the rational level we find that market demands clearly influence company behaviour, and that free trade agreements also play a certain role. Further we see that the influences from NGOs and from the Norwegian and Chilean societies affect the

CSR profiles of the companies at the normative institutional level external to the company, as predicted initially. At the internal level we see that unions can influence the labour practices of a company in those cases where the company culture allows their active participation in negotiation processes. However, we have seen that this will vary between the companies since the labour movement still is weak in Chile. Further I predicted that company culture would be an institutional factor likely to affect the behaviour of the individuals within the company. Company culture defines what is considered as appropriate CSR practices and these perceptions will thus serve as a guideline for the actors' behaviour. The comparison between Fjord Seafood and Mainstream Chile illustrate this. We see here that the companies' CSR practices to a large extent have remained the same although leaders and ownership has changed. Company culture can thus be seen as a stabilizing or conserving component of the organization. On the other hand we have seen that the role of the leader is stressed as a decisive factor for a company's CSR profile. My informants claim time and time again that it is absolutely necessary with a dedicated leadership if the company is to develop high CSR standards. It seems then that there is a dialectic relationship between company leadership and existing company culture, where both have the potential to mutually influence each others behaviour. The existing company culture defines what is regarded as appropriate behaviour for the company, but the leader of the company also contributes towards the development of new ideas about what appropriate behaviour is.

From the normative institutional perspective it can sometimes be relevant to bring Norwegian ownership into the discussion when trying to explain company behaviour, unlike from the rational perspective. We see that this is the case for AguaGen and Pharmaq where the leadership has been socialized into the Norwegian ideas about what is considered as appropriate CSR practices and behaves accordingly. Further we see that these companies have established company cultures with an institutional basis in the Norwegian management tradition, due to the fact that they were founded as Norwegian companies from the very beginning and had no previous institutional bounds to Chile. The Norwegian ownership explains the link that these companies have to Norway. But what we in reality see, is that it is not the ownership as such but rather the institutional roots in the Norwegian management tradition that explains the CSR practices of AguaGen and Pharmaq. Ownership in itself does not necessarily tell you where a company has its institutional roots. Fjord Seafood and

Mainstream Chile are good examples of this. They are Norwegian owned companies, but unlike AguaGen and Pharmaq they have their institutional foundations in the Chilean management tradition and not the Norwegian one.

I was surprised to find that none of my informants mentioned the role of the media as an influencing factor on company behaviour. However, I still regard the media to play an important role in the development of the CSR profiles of the companies in the sense that they transmit the points of views of both the media and the NGOs. In a context where there is a weak direct dialogue between the two parties, the media is oftentimes the only meeting place between them. Thus, although not directly mentioned by my informants as an important factor, it must still be recognized that it plays an important role in the development of the Chilean discourse about CSR. This discourse contributes towards the formation of the ideas about what is considered as appropriate CSR practices in Chile. These ideas will again influence the companies in the salmon industry.

In the following we will go back to the debate between the globalist and the state-centric thinkers. My case has features that clearly can be interesting to bring into this debate.

6.6 Local Companies in a Globalised World

My case shows clearly that the institutional foundations of a company will influence its CSR practices. Further it shows that global demands also influence the companies in the Chilean salmon industry, something that leads to a certain level of unification of CSR measures within the industry. These are interesting facts to bring into the debate between the globalist and the state-centric thinkers. Although the global thinkers do not represent one unified group, they are bound together by the conviction that globalization processes have led to a homogenous identity amongst TNCs and that they hence operate independently of their national background. State-centric thinkers on the other hand still see the state as the principle actor in global economic affairs, and believe that the explanation for the behaviour of TNCs is found in the national level. The state centric view of a company claims that a nation's norms, values and traditions in short, a company's institutional foundations will contribute towards the formation of company culture.

If we are to judge by my case, then we can expect that global factors and demands influence company behaviour to some extent. The salmon industry in Chile knows that its success depends upon adapting to certain international CSR standards and thus meeting the demands of the end markets. The companies follow a logic of consequence where the consequence of not adapting to the international demands would be to be shut out of the end markets and as a result losing profit. This realization affects company behaviour and makes them implement new technologies and practices that aim at saving the environment. We see that the companies in the salmon sector are integrated in the global economy and that this has led to a certain level of unified practices, particularly concerning the environment. So far this fits with the expectations of the globalist thinkers. However, to describe the companies as having a homogenous identity would be to go too far, because we see that there at times are great differences between company practices. I believe that one of the problems with the globalist thinking is that it does not take into account the local cultures, traditions and existing national institutions when explaining company behaviour.

My case shows that the institutional foundations of a company and its leadership are fundamental when trying to understand company behaviour. In this sense my case supports the view of the state-centric thinkers that assume that the explanation for the behaviour of TNCs is found at the national institutional level. However, it seems to me like their weakness is that their analysis only applies to company headquarters. Do they also assume that the behaviour of the subsidiaries can be explained in relation to the nationality of the owners? I believe that the examples of Fjord Seafood and Mainstream Chile show that this is not always the case. I agree with the state-centric thinkers when they say that we cannot talk about a global corporate or capitalist identity that transcends national borders. However, I suspect that they overestimate the significance of the influence a headquarters can have over its subsidiary. A common problem for top-leaders of TNCs is to know exactly what goes on further down in the organization. In the case of Chile, it does not make the situation any easier for the top leaders of in Norway when there is a tendency in Chile to hide problems and a general lack of transparency (informants [interviews]). The cases of Mainstream Chile and Fjord Seafood exemplify that the institutional foundations of the companies indeed influence their behaviour, but it is fundamental to note that they do not share the same institutional foundations as their Norwegian owners. What the state-centric thinkers

seem to ignore is that companies founded through mergers and acquisitions can keep the same company identity and behavioural patterns even after being bought up by the big multinational. If the behaviour of the company is satisfactory, then there is nothing wrong with this. However, if the behaviour is questionable it might cause a headache for the mother company and conscious and active steps are necessary in order to change it. Mainstream Chile is probably an example of the latter. Although Mainstream Chile has embraced Cermaq's vision of sustainable aquaculture, they seem not to have changed their labour practices to a large degree. If this was to happen, Cermaq would have to exert a much harder pressure on Mainstream.

The lesson we can learn from my case, is that we must differentiate our view of TNCs and their subsidiaries. If they work within the export oriented sector there is a big likelihood that their behaviour to some extent will be influenced by global processes. In this respect the globalist thinkers have a point. Further, it is important not to underestimate a company's national institutional foundations and understand its importance and possible influence on company behaviour. In this respect I agree with the state-centric thinkers. But in a world where companies often are founded through acquisitions and mergers we must remember to ask which nation we should use as a point of departure in the analysis of company behaviour– the host country or the mother country? Whether a subsidiary shares identity with its headquarters in the country of origin and behaves accordingly will depend on many factors. In what way was the company founded? What is the size of the company? Who's in the leadership of the subsidiary? How close are the ties with the mother company? How conscious are the strategies to create equal company standards both in the country of origin and the country of the subsidiary? How do they succeed with the implementation of these strategies? In short: where do we find the institutional foundations of the company?

7. Conclusion

7.1 What Explains the CSR Measures in the Chilean Salmon Industry?

My main aim with this thesis has been to achieve a better understanding of the factors explaining the CSR measures in the salmon industry in Chile. Based on an assumption that CSR has the potential to contribute towards a sustainable salmon industry I find this knowledge to be important. In the previous chapter we saw that the industry's CSR measures have their explanation in a combination of rational and normative institutional factors. On the one side we find the rational explanatory factors of market demands and free trade agreements to be very important. They influence all the companies in the industry regardless of the institutional background of the company and its leaders. In this sense we can say that these factors lead to a unified form of behaviour amongst the companies. Interestingly these factors seem to have stronger explanatory power when it comes to CSR measures in the field of the environment than those concerning labour conditions. This is explained by the fact that it is perceived as rational for the companies to keep good environmental standards because the opposite could affect their sales figures.

From a normative institutional perspective, we find explanatory factors on two actor levels. On the external level we see that the agenda setting power of the NGOs and the normative pressure from SalmonChile as important explanatory factors. Further we see that the Chilean and Norwegian societies put down the framework that defines what appropriate behaviour is for the companies. On the internal level we find company culture and leadership to be the most important explanatory factors, although we also see that the unions can influence company practices to some extent in those cases where company culture allows this. We have also identified maturity of the industry and size of the company as two independent variables that are important in the explanation of company behaviour in the sense that they lay down the framework in which the actor acts, and thus influences the way he perceives his surroundings.

We see that the institutional foundation of a company has a very strong explanatory power and that this is decisive for what kind of CSR practices a company

will develop. These foundations will however vary between the companies, something that leads to heterogeneity amongst company practices. Hence we see two competing forces at work; global rational factors encourage a uniformed set of company practices on the one hand whereas cultural and institutional forces are leading towards an array of diverse company practices on the other. Currently we witness a variety of company practices, something that indicates that the last force thus far is strongest.

My secondary question in the thesis was to find out whether the CSR practices of the Norwegian owned companies are conditioned by the Norwegian ownership. Based on the discussion in the previous chapter we can conclude that it is not so much the ownership but rather the institutional foundations of the company that will condition a company's CSR practices. My case shows clearly that Norwegian ownership in itself does not imply that the institutional roots of the company are found in Norway. Where we find the institutional roots of a company will depend on the way in which the company was founded and on who is in the leadership. In the case of Mainstream Chile and Fjord Seafood we see that the institutional foundations of the companies are found in Chile rather than in Norway, and Norwegian ownership has therefore very little explanatory power in those cases. In the cases of AquaGen and Pharmaq on the other hand, we see that the leaders of these companies have maintained close ties with Norway and that the companies have a clear Norwegian identity although they operate in Chile. Hence we must conclude that we cannot say that the CSR profiles of the Norwegian companies are conditioned by the Norwegian ownership, but rather by the institutional foundations of both the company and the company leadership.

7.2 Relevance of the Theory

The two organization perspectives that I have used in this thesis fitted quite well with my initial assumption that the explanatory factors for the CSR measures would be both internal and external to the company, and that the external factors would be found both in the local and the global levels. It is impossible to single out one main explaining factor and I therefore needed theories that allowed me to grasp widely. In this respect I think that the theories worked well and that they opened up for quite a complex analysis of the case at hand.

However, I did end up with two explanatory factors that did not seemingly fit with the theoretical scheme; maturity of the industry and size of company. My informants told me that the smaller companies in the industry oftentimes are struggling to survive in a highly competitive sector, and that they therefore often lack the necessary resources to focus on CSR. Even if a company has the external incentives and a leadership that wishes to focus on CSR, it can still come down to economic capacity whether the wanted measures are implemented or not. This aspect of economic capacity was not captured very well by the theories. Further I was explained that the industry had to reach a certain level of maturity and overcome internal challenges before they reached the capacity, both in terms of economic and human means, to increase the focus on CSR related issues. The theories I used covered a wide range of fields in society when looking for explanations, but they did not grasp these aspects of learning and change. The theories therefore seem to be too static, and this is probably my main critique. In an industry evolving at such a fast pace it seems important to have an understanding of the processes of learning and change and the influence this might have on the companies' behaviour. We can conclude that the theories worked quite well in the analysis of my case, but that they can be critiqued for being too static.

7.3 Can We Draw a Lesson From My Case?

We see that an empirical trend amongst the companies studied is that their CSR profiles depend upon the institutional foundations of the company and the leadership on the one hand, and that market demands is a very important influencing factor on the other. Can we draw general conclusions based on my case? Can we assume that Norwegian owned companies operating within export oriented sectors elsewhere face some of the same situations and challenges as the Norwegian companies in Chile's salmon industry? In case study research it is not possible to reason from the individual parts to a universal truth. However, my case has indicated things to us which might be of relevance to other companies in other sectors as well. We see the need for an analysis of Norwegian companies abroad on an individual basis. Norwegian ownership is in itself not a guarantor of good CSR practices. When investing abroad, it is important to be aware of the fact that with the acquisition of a company follows also the acquisition of a company culture and an already established set of practices. It is therefore crucial to

investigate thoroughly the organization culture and practices of the newly acquired business and if necessary develop conscious strategies for change. My case further shows the importance of local leadership for a company's CSR profile. It is therefore necessary to make sure that the ideas and visions for the company's CSR profile of the local leadership matches the ones of the leadership in Norway.

7.4 A Sustainable Future?

The salmon industry in Chile today employs around 45.000 people and the industry turned into one of the most important economic sectors of the country in a very short time span. Now that Marine Harvest has been bought up by Norwegian Pan Fish, three out of the five biggest salmon producers in Chile are in the hands of Norwegians. These companies combined are responsible for a considerable part of Chilean salmon production. Although the industry has taken various steps in the last years to improve their environmental standards and to some extent also their labour standards, there are still several NGOs and academics that question its sustainability and claim that the industry's future depends on how it deals with the issues of labour and environment. With so many people in the South of Chile dependent on the industry, it is necessary to make it sustainable. There is still a need for more studies of the industry and its social and environmental impacts in order to find out how to achieve this. However, one of the steps must be for the owners of the companies to assume the responsibility that corresponds to them. I believe this only is possible if they have an intimate knowledge about the processes that influence the behaviour of the companies they own. I hope that this thesis has made some contributions to this end.

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Aguas Claras

Interview with administrative representative. Puerto Montt, October 20th 2005

AguaGen

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Interview with technical manager. Puerto Varas, November 11th 2005

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E-mail exchange with Coordinator Corporate Communications, Heidi Pran. September 2005.

Conama

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Interview with Regional Director Region of Los Lagos, Adriana Moreno. Puerto Montt, November 7th 2005

Fetrasal

Interview with President of the federation, Francisco Rain Barría. Puerto Montt, November 2nd 2005.

Fjord Seafood

Interview with the Executive Vicepresident, Torben Petersen. Puerto Montt, November 11th 2005

Interview with the HR mangager. Puerto Montt, November 10th 2005

Interview with company representative. Puerto Montt, November 10th 2005

Fundación Terram

Interview with the co-ordinator of the Salmon Cultivation Program, Guiliana Furci and with the co-ordinator of the Natural Resource Program, Francisco Pinto. Santiago de Chile, October 14th 2005

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Ministry of Labour

Interview with ministry Delegate in the region of Los Lagos, Paula Narvaez Ojeda. Puerto Montt , October 10th 2005

PET (Programa de Economía y Trabajo)

Interview with National Director, Carmen Espinoza Miranda. Santiago de Chile, October 12th 2005

Pharmaq

Interview with Technical Director, Bernd Wrege. Puerto Montt, November 9th 2005

SalmonChile

Interview with the Environmental Supervisor Puerto Montt , November 7th 2005

Sernapesca (National Fishery Service)

Interviews with three representatives responsable for administrative and environmental issues. Interview with one representative responsible for fish health and food security. Valparaíso, October 11th 2005